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OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 AVENUE OF THE PALMS
BUILDING 1, 2ND FLOOR
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299

TREASURE ISLAND DEVELOPMENT AUTHORITY
MEETING AGENDA

Wednesday, September 12, 2001 1 P.M.

DOCUMENTS DEPT.

Room 400, City Hall
1 Dr. Carlton Goodlett Place

SEP - 7 2001

SAN FRANCISCO
PUBLIC LIBRARY

Willie L. Brown, Jr., Mayor

DIRECTORS

John Elberling, Vice-Chairman
William Fazande
Marcia Rosen
Claudine Cheng

Gerald Green
Susan Po-Rufino
Doug Wong

Annemarie Conroy, Executive Director
London Breed, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Approval of Minutes (*Action Item*)
3. Communications (*Discussion Item*)
4. Report of the Treasure Island Project by Executive Director Annemarie Conroy (*Discussion Item*)
 - Report on access to Treasure Island including public use last month
 - Status of environmental clean up
 - Report on short-term leases
 - Report on San Francisco-Oakland Bay Bridge/Caltrans issues
 - Report on Treasure Island community issues
 - Report on Citizens Advisory Board
 - Report on TIHDI
 - Financial Report
 - Legislation/hearings affecting Treasure Island
5. General Public Comment (*Discussion Item*)
6. Ongoing Business by Directors and Introduction of New Business by members (*Discussion Item*)
7. Resolution Authorizing the Second Amendment to the Sublease between the Authority and California Engineering Contractors, INC., to add approximately 71,400 square feet to the subleased premises (*Action Item*)
8. Resolution Authorizing the extension of a Use Permit for an additional six months with California Engineering Contractors/Modern Continental for use of Pier 1 (*Action Item*)

- 9 Resolution Authorizing the Executive Director to execute a contract with the Treasure Island Homeless Development Initiative for the period July 1, 2001 through June 30, 2002, for an amount not to exceed \$100,000 (*Action Item*)
10. Discuss the Findings of the Analysis Conducted by Bay Area Economics to Assess Developer Concerns Related to the Primary Developer Request for Qualifications Process and the Impact of those Findings on Future Solicitation Efforts (*Discussion Item*)

POSSIBLE CLOSED SESSION

- Public Comment on all items relating to closed session
- Vote on whether to hold closed session to confer with legal counsel. (San Francisco Administrative Section 67.11 (b). (*Action item*))

11. CLOSED SESSION:
CONFERENCE WITH LEGAL COUNSEL - EXISTING LITIGATION (Sections 67.8(a)(3), 67.10(d)(2) and 67.12(b)(3) of The San Francisco Sunshine Ordinance)

CLOSED SESSION:
CONFERENCE WITH LEGAL COUNSEL - ANTICIPATED LITIGATION AS DEFENDANT
(Sections 67.8(a)(3) and 67.10(d)(2) of The San Francisco Sunshine Ordinance)

12. Reconvene in open session (*Action item*)
 - Possible report on action taken in closed session. (Government Code section 54957.1 (a) (2) and San Francisco Administrative Code section 67.14 (b) (2).)
 - Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14 (a).)
13. Adjourn

Relevant documents such as resolutions, staff summaries, leases, subleases are available at the Treasure Island Project Office and the Government Information Center at the Main Library, 100 Larkin Street. Public comment is taken on each item on the agenda.

MEETING AGENDAS NOW AVAILABLE ON E-MAIL

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TREASURE ISLAND WEBSITE

Check out the Treasure Island website at www.ci.sf.ca.us/treasureisland to find out about activities and facilities on Treasure Island, special events venues for rent, or to review the Treasure Island Development Authority's agendas and minutes.





Notes

**Minutes of Meeting
Treasure Island Development Authority
July 11, 2001**

1. Call to Order 1:09 PM

Roll Call Present: John Elberling
William Fazande
Susan Po-Rufino
Claudine Cheng
Gerald Green (1:48PM)

Excused: Doug Wong

2. Approval of Minutes: The minutes of June 13, 2001 were approved unanimously.

3. Communications: Joan Rummelsburg, Acting Commission Secretary, reports there are no new communications.

4. Director's Report given by Executive Director Annemarie Conroy.

Ms. Conroy welcomes the new TIDA commissioner, Claudine Cheng, and congratulates re-appointed commissioner Bill Fazande.

- Public Access: There were several thousand people on the Island for the Fourth of July and the Police, Fire and TIDA staff did a great job making sure everything went smoothly and safely. Pottery Barn continues its catalog film shoot in Nimitz House, Compos Creative Works is hosting a Drive for Literacy press event on the Great Lawn for 60 children for the non-profit First Book on July 20th. The Mayor's Office is also facilitating regular tours of TI and YBI.
- Environmental Clean up: Staff is making tremendous progress with the Navy in regard to the TIHDI units. However there are delays with the John Stewart Company areas.
- Short-term Leases: There are no new short-term leases.
- Bay Bridge: The record of decision is expected to be signed by Federal Highway this month. Caltrans is also looking at bid packages going out towards the end of this year and construction beginning early next year.
- Community Issues: Ms. Conroy will combine this with the Finance Report and Legislation/Hearing affecting TI. The biggest issue facing the Island right now is a hearing before the San Francisco Board of Supervisors Finance Committee on Wednesday, July 18, 2001. The Budget Committee held up the lease for the Police Academy until they finish their black out for the budget season. Members of the Diamond Heights community have come to this board unhappy that the Police Academy plans to leave Diamond Heights to come to Treasure Island. As previously stated, TIDA is just the landlord. Our lease is caught in a community/Police Department issue over where the Police Academy will eventually be housed. We are working with the Mayor's Budget Office, the Police Department, Supervisor Leno's office as he represents Diamond Heights, with regard to whether the Police Academy will move to Treasure Island and how we will accomplish that. As the Police have occupied the buildings since last year, we are trying to get back rent since we could not market or use the buildings because they were occupied. The Finance Committee has made a determination that TI should be paying for all City services. Out of our very small budget of \$9 million, \$6 million goes back into the general fund to pay for city services. Supervisor Gonzalez is pushing TIDA to pay another 1.7 million in Police services. We must find other revenues or cut our budget. Ms. Conroy explains a pie chart showing revenues. 66% are our earned revenues from housing, commercial leasing, special events, film shoots, and the movie industry. That makes up 2/3 of our income budget. 1/3 of our budget is made up of city leases from the Fire Department, Police Department and the Sheriff's brig. On the expense side, 1/3 goes to the upkeep of the Island, assisting TIHDI, environmental oversight of the Navy programs, staffing,



redevelopment, garnering services for the Island, the welfare to work programs like Rubicon and Toolworks. Some members of the Board are asking us to absorb another \$1.7 million. If we have to cut 1.7 million from our 3 million discretionary revenues, these are draconian cuts to the quality of life on the Island, environmental oversight, TIHDI staffing and our own staffing. This puts us in a very difficult position. On the flip side, you can increase your revenues but how do you do that at this point in the budget. We could perhaps rent out the brig as an operational facility since it has had the upgrades. We are meeting with several of the supervisors to make them aware of what this 1.7 million means in a budget this small, we really only have 3 million in discretionary funds.

- Citizen's Advisory Board: This will be combined with Item #7 with regard to the solicitation on the RFQ/RFP.
- TIHDI: Our basic issues right now are the 68 units and getting them moved forward and there are additional units to get ready for them as well.
- Financial Report: This was discussed previously in the budget report.
- Legislation/Hearing affecting Treasure Island: This was previously discussed.

Ms. Po-Rufino asks if we have any specific suggestions on how the Commissioner's can provide assistance with the Finance Committee. Ms. Conroy states it would be important for members of the Development Authority to be present at the budget meeting with regard to the lease and budget decisions before the Finance Committee.

Ms. Cheng asks that if we are able to get half of the 1.7 million off our backs, do we have any idea how the other 1 million can be found. Ms. Conroy states that if we have to cut 1 million, that represents 1/3 of our discretionary funds. We would see cuts from project office staff, TIHDI staff, and environmental oversight.

Mr. Elberling asks how much of the city services are actually being provided to the federal Installations. Ms. Conroy replied that Job Corps has 40 acres in the middle of TI, and on YBI, the entire southern side is a federal enclave. It is housing for Coast Guard brass and the other southern portion in an operational Coast Guard station. The eastern tip of YBI has been the subject of a land grab by the Department of Transportation for the Caltrans project, so that now is a federal enclave. It is the City and County's responsibility to provide police, fire and emergency services for those federal enclaves, not TIDA's. We also have the San Francisco Unified School District, 600-800 children on the Island every day, and that is not TIDA's responsibility. We can't spend tideland trust money on non-trust issues. We're working with the City Attorney's office and the budget office to look into the matter.

Mr. Elberling asked did the Budget Office and Finance Committee take into account the specific costs of the federal installations. Ms. Conroy states that they have not.

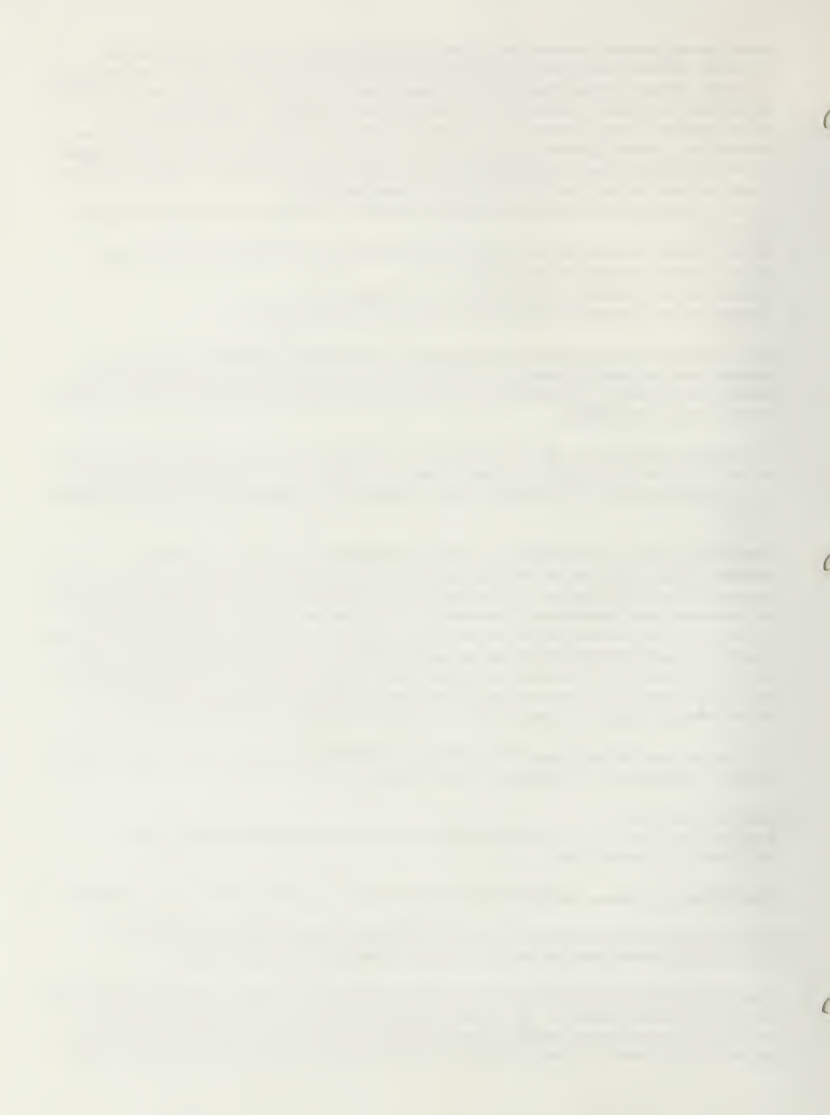
5. General Public Comment:

Paul Fenn from Local Power expressed interest in submitting a proposal for solar/wind power development on Treasure Island.

6. Ongoing Business by Directors and Introduction of New Business by members: There is no new business.

7. Resolution Accepting Recommendation of Consultant Team and Directing Staff to Prepare a Joint RFQ/RFP to Solicit Interest from the Entire Development Community for Treasure Island.

Stephen Proud, Director of Development reports that in June 2000, the Authority authorized the issuance of a RFQ for a master developer. The project office issued the RFQ in October 2000. Staff held a meeting on Treasure Island in early December to discuss the RFQ with the development community, and to talk a little about its contents and what our expectations were in terms of the submittal. It was a



well attended meeting with about 125 members of the development community present. We set a deadline for responses to the RFQ for February 1, 2001. When we reached that date, we had two responses: Navillus Associates and Treasure Island Community Development. In December, we came before the board to ask for permission to issue an RFP for consultant services to assist us in evaluating the RFQ's. We issued the RFP and had 5 responses from different interested organizations and ultimately selected Keyser-Marston Associates working in association with Arthur Anderson and Dean Macris to help us perform an independent evaluation of the two respondents. Members of the Citizens Advisory Board sat in the interview panel and also made their own evaluation, and Karen Knowles-Pierce, President of the CAB, will comment on their analysis. We have representatives here today from both development teams and also from the consultant team that prepared the evaluation.

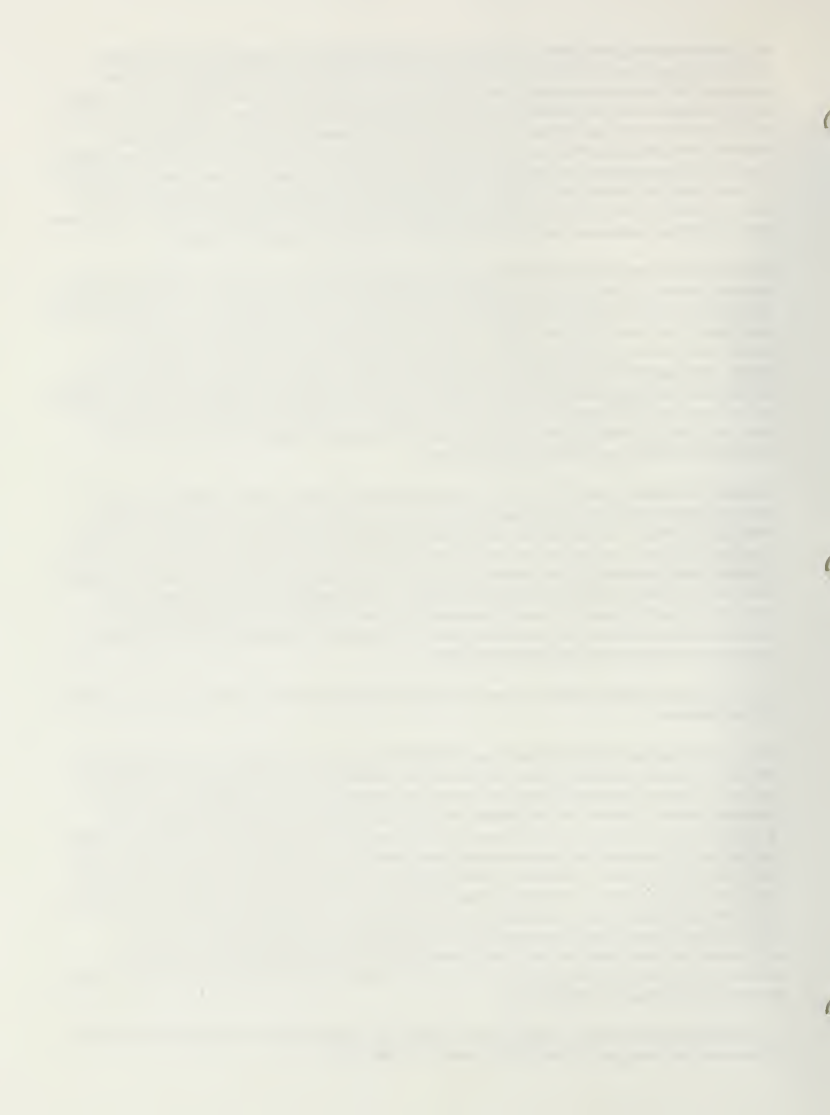
The consultants found that one of the respondents, Treasure Island Community Development, met the criteria of the RFQ. There were seven criteria in the RFQ and it was decided that if a respondent met all seven, they would be invited to participate in an RFP process. The consultants also found that Navillus Associates did not meet all seven criteria. There were four criteria in which Navillus fell short: Developer experience with similar projects, financial capacity, relationships with major users and tenants, and successful relationships with community groups. In contrast, Treasure Island Community Development had a team comprised of four entities. There were Interland, Desertroon (with an offshoot called Troon Pacific), Kenwood Investments and Lennar. The collective experience of the team as a whole with military base development and mixed use development shows they have the technical experience to tackle a project like Treasure Island.

Regarding financial capacity, the consultants determined that Navillus could not justify they had the equity to sustain and finance the project. There was concern about the quality of the financial data provided by Navillus. In contrast, the consultants found the Treasure Island Community Development team had the financial capacity to take on the development of Treasure Island. Of the four parts of the Treasure Island Community Development, only Lennar provided complete financial data, but it was felt that it was so extensive that they could carry the team. They organized their team so each would contribute 25% of the equity. If we go forward with this, we would like to better understand the financial position of each of the partners and have some corporate guarantees from those partners of whom we are relying most heavily on their assets.

The consultants found that both teams met the criteria for the preliminary development concepts and the technical element.

Based on the findings of the consultant team, without the competitive advantage of several responses, staff has two recommendations. First, staff would like to find out how we can increase development interest in Treasure Island and thereby improve the competition for the opportunity. Our second recommendation is based on the information we derive from the process of determining why more developers did not respond, we would recommend that we go ahead and prepare a request for proposals and that the RFP be issued to the entire development community. If someone wanted to propose, who didn't previously propose, it would be a joint RFQ/RFP so in essence we would get both pieces at the same time. In respect to the two whom already submitted, Treasure Island Community Development would be determined to be pre-qualified from the qualifications side, and Navillus would be able to read the consultants' report, hear the concerns that were addressed, and if they wanted to correct the deficiencies that were identified, they could do so and resubmit their qualifications and proposal. Basically, we are opening it back up to everyone with Treasure Island Community Development already having cleared through the RFQ process.

Mr. Elberling asks how long it will take for our review. Mr. Proud states two months, and the review process and producing parts of the RFP can occur simultaneously.



Mr. Elberling asks if the seven criteria will remain the same. Mr. Proud replies yes.

Mr. Elberling inquires if we are still continuing the process of transfer from the Navy, and is that on a separate track. Mr. Proud states yes, the transfer is happening independently of this.

Mr. Elberling asks when do you expect the transfer to occur. Mr. Proud states it should be early next year, we have been waiting for the Navy's environmental documentation for the last year or so.

Ms. Cheng asks if we will need to hire another consultant to review responses when we open up the RFQ/RFP process. Mr. Proud states yes, we could use the same team or select a different consultant.

Karen Knowles-Pierce, President of the Citizens' Advisory Board states the CAB met three times and discussed in detail the RFQ. They found that of the two responses, one developer had met the criteria of the RFQ and one had not. Therefore, the CAB recommends the Treasure Island Community Development team.

Tom Burbank, partner with Navillus, discusses two aspects of the RFQ, developer experience with similar projects and evidence of successful relationships with community groups. Navillus' recommendation is to be pushed through the process and be considered a second bidder.

Michael Cheek, of Merrill Lynch is a financial advisor to UNDC, the United Native Depository Corporation, which has a controlling interest in Navillus, discusses the financial aspects.

Peter Coyote, of the Navillus Board, discusses the RFQ with an ecological spin.

Jay Wallace, of Kenwood Investments, a partner with Treasure Island Community Development, discusses building a new, sustainable neighborhood on TI and the need to create and maintain jobs. He speaks of TICD's financial strengths, the fact that they are a mixed-use developer with international experience. They are currently working on the TI marina. He touches on each criteria and their qualifications for each.

Mr. Wong, a Navillus attorney, emphasized how they went about completing the RFQ and gives background on the company.

Lt. Michael Delane, TI resident, SFPD and CAB member discusses the importance of the Delancey Street Foundation and the Life Learning Academy.

Sherry Williams, Executive Director of TIHDI, stresses the need to keep the process moving forward, and that residents need stores, entertainment, and recreation.

Ruth Gravanis, expresses concerns over timeline. Believes the public hearings are important.

Rick Denton, discusses the potential for affordable home ownership on TI.

Eugene Brodsky, CAB and planning and development subcommittee member, supports the recommendation of the staff.

Mr. Green states it is troubling we did not get more participants. He does not believe we should extend the deadline so Navillus can demonstrate their qualifications. He would like to move along with the RFQ/RFP process. He supports staff but would like more clarity to the schedule.

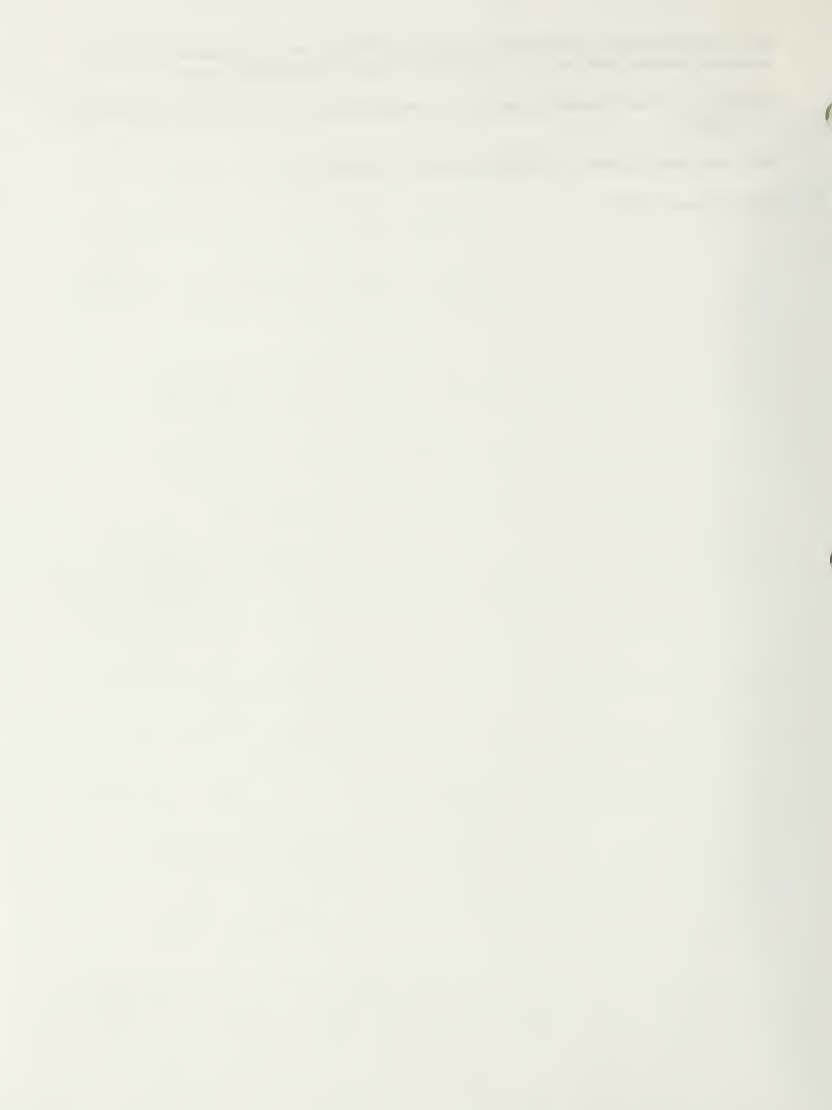


Ms. Conroy will submit a timeline by the next meeting. TICD is deemed qualified and will not be required to resubmit qualifications in the RFQ/RFP process but must submit a proposal.

Motion to accept staff recommendation with the condition that they receive a proposed schedule at the next meeting.

Mr. Green moved approval. Ms. Po-Rufino seconded. Approved 5-0

8. Meeting adjourned 3:21 PM





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TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco

Agenda Item No. 7

September 12, 2001

Subject: A resolution to amend the sublease for California Engineering Contractors to increase the premises and monthly rental rate.

Staff Contact: London Breed, Development Specialist 274-0665

SUMMARY OF PROPOSED ACTION

The staff is requesting that the Authority approve a second amendment to increase the size of the premises and monthly base rent under its sublease with California Engineering Contractors, Inc. ("CEC").

DISCUSSION

The Land and Structures Master Lease (the "Master Lease") enables the Authority to sublease the leasehold premises for interim uses, and pursuant to that Master Lease, the Authority subleased certain land on Treasure Island to CEC for work related to the seismic retrofit of the western span of the Bay Bridge.

On October 11, 2000, the Authority approved an amendment to CEC's sublease to increase the premises and the monthly base rent from \$22,000 per/month to \$25,444. The amendment enclosed is dated November 1, 2000.

Currently, CEC wishes to sublease additional land on Treasure Island to store steel and park vehicles and no other purpose. The space requested by CEC is currently leased to the Authority under the Land and Structures Master Lease. CEC is interested in occupying approximately 71,400 square feet of space bounded by Avenue I, Avenue H, 13th Street and 11th Street depicted on the map in Exhibit B of the resolution.

The Authority will continue to charge CEC the rate of \$.015 square/feet which amounts to an additional \$10,710.00 per/month in base rent and an additional \$214.20 for the Navy's Common Area Maintenance (CAM) charges which brings the total rent to \$10,924.20.

CEC currently pays the Authority \$25,444 not including CAM charges. The second amendment would increase the total monthly base rent to \$36,154.00. Providing the authority with an additional \$128,520 in annual revenue and a total annual revenue of \$433,848.

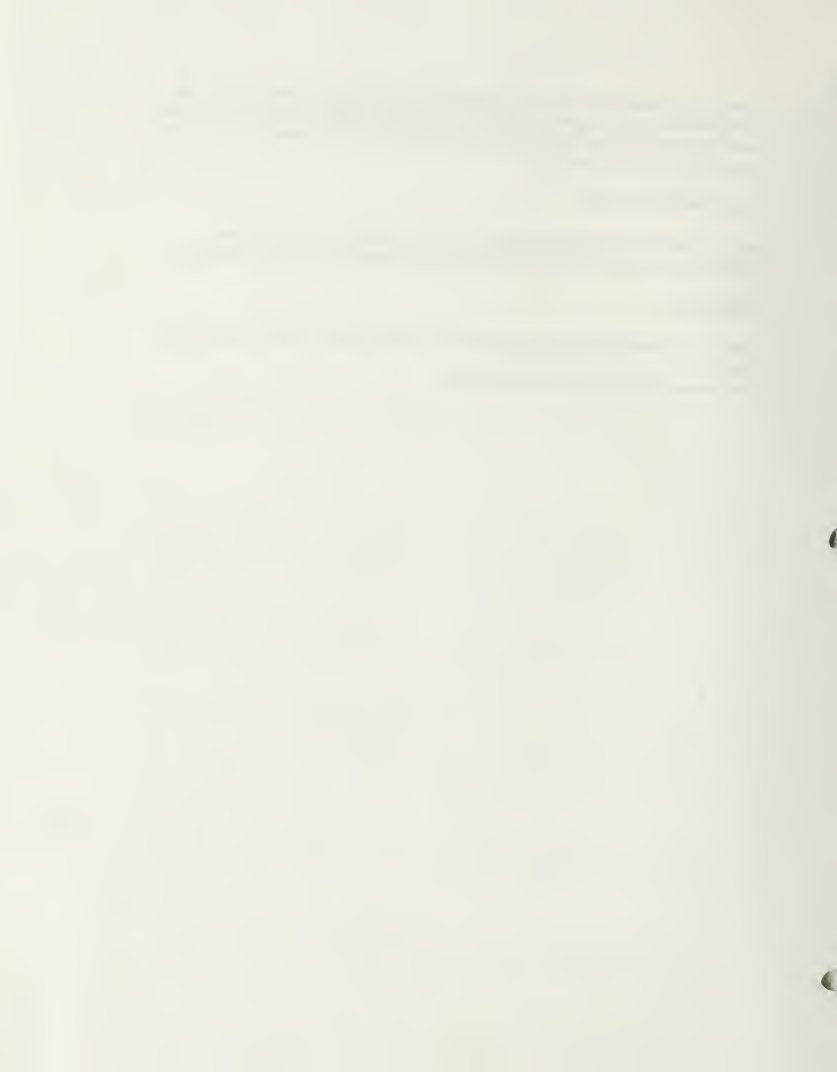
If the Authority approves the second amendment, CEC will be required to follow the same guidelines as the original sublease dated February 1, 2001. The only changes will be the increase in the base rent from \$25,444 to \$36,154, and an increase in the security deposit from \$44,000 to \$66,000.

RECOMMENDATION

Staff recommends the Authority approve the second amendment to California Engineering Contractors Sublease to increase the premises and monthly rental rate.

EXHIBITS

California Engineering Contractors Sublease (Excluding Exhibit A, the Navy's Master Lease)
Draft Second Amendment with Premises Map



[California Engineering Contractors Sublease Second Amendment]

RESOLUTION AUTHORIZING A SECOND AMENDMENT TO THE SUBLEASE BETWEEN THE AUTHORITY AND CALIFORNIA ENGINEERING CONTRACTORS, INC. ("CEC"), TO ADD APPROXIMATELY 71,400 SQUARE FEET TO THE SUBLEASED PREMISES FOR AN ADDITIONAL \$10,710 PER MONTH.

WHEREAS, the Authority and CEC entered into that certain Treasure Island Sublease dated February 1, 2000 (the "Sublease") under which the Authority subleased to CEC a one square block area consisting of approximately three (3) acres of unimproved land bounded by Avenue F, Avenue H, 11th Street and 9th Street on Treasure Island for work related to the seismic retrofit of the western span of the Bay Bridge; and

WHEREAS, On October 11, 2001, the Authority approved an amendment to the sublease between the Authority and CEC to add approximately 3,444 square feet to the subleased premises; and

WHEREAS, CEC wishes to sublease an additional 71,400 square feet of unimproved land, bounded by Avenue I, Avenue H, 11th Street and 13th Street as depicted on Exhibit A, from the Authority for storing steel and parking vehicles; and

WHEREAS, The Authority is willing to sublease the additional land to CEC for an additional \$10,710.00 per month; now therefore be it

RESOLVED, That the Board of Directors hereby authorizes the Executive Director to enter into a second amendment to the Sublease to add the additional 71,400 square feet of land desired by CEC and to increase the amount of the monthly base rent under the Sublease by an additional \$10,710 per month.



FURTHER RESOLVED: That the second amendment to the Sublease be in substantially the form attached to this Resolution as Exhibit B.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on September 12, 2001.

John Elberling



AMENDMENT TO
SUBLEASE
between
THE TREASURE ISLAND DEVELOPMENT AUTHORITY
as Sublandlord
and
CALIFORNIA ENGINEERING CONTRACTORS, INC.
as Subtenant

For the Sublease of

One Square Block Area Consisting of Approximately Three Acres of Unimproved Land
Bounded by Avenue F, Avenue H, 11th Street and 9th Street
On Naval Station Treasure Island
San Francisco, California

November 1, 2000

**AMENDMENT TO
TREASURE ISLAND SUBLEASE**

THIS AMENDMENT TO SUBLEASE (the "Amendment"), dated as of November 1, 2000, is entered into by and between the Treasure Island Development Authority ("Sublandlord") and California Engineering Contractors, Inc., a California corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Amendment is made with reference to the following facts and circumstances:

A. On or about February 1, 2000, Sublandlord and Subtenant entered into that certain sublease agreement (hereafter, the "Sublease") for the sublease of one square block area consisting of approximately three acres of unimproved land bounded by Avenue F, Avenue H, 11th Street and 9th Street on Naval Station Treasure Island, all as shown on Exhibit B of the Sublease.

B. The Parties wish to amend the Sublease to add certain lands to the subleased Premises in exchange for a \$3,444 per month increase in the monthly rent under the Sublease.

NOW THEREFORE, Sublandlord and Subtenant agree to amend the Sublease as follows:

1. Exhibit B of the Sublease is hereby amended by adding Exhibit B-1 attached hereto to the description of the Premises contained therein.
2. The first sentence to paragraph 4.1 of the Sublease is hereby amended to read as follows:

"4.1 Base Rent. Beginning on November 1, 2000 and continuing throughout the remainder of the Term, Subtenant shall pay to Sublandlord Twenty-Five Thousand Four Hundred Forty Four and 00/100 Dollars (\$25,444) per month (the "Base Rent")."
3. Except as expressly modified herein, all other terms, conditions, and covenants of the Sublease shall remain in full force and effect.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

California Engineering Contractors, Inc.,
a California corporation

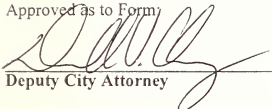
By: _____
Its: _____

SUBLANDLORD:

The Treasure Island Development Authority

By: 
Its: Executive Director

Approved as to Form


Deputy City Attorney

SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

CALIFORNIA ENGINEERING CONTRACTORS, INC.

as Subtenant

For the Sublease of

One Square Block Area Consisting of Approximately Three Acres of Unimproved Land
Bounded by Avenue F, Avenue H, 11th Street and 9th Street on
Naval Station Treasure Island
San Francisco, California

February 1, 2000

TREASURE ISLAND SUBLEASE

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LIST OF EXHIBITS:

EXHIBIT A – Master Lease
EXHIBIT B – Diagram of Premises
EXHIBIT C – Cover Page of Seismic Report
EXHIBIT D – Management Plan
EXHIBIT E – Route for Traffic To and From Premises
EXHIBIT F – Rules and Regulations
EXHIBIT G – Permitted Alterations
EXHIBIT H – Standard Utilities and Services and Rates
EXHIBIT I – Approved Hazardous Materials
EXHIBIT J – Workforce Hiring Agreement

TREASURE ISLAND SUBLEASE

THIS SUBLEASE (the "Sublease"), dated as of this 1st of February, 2000, is by and between the Treasure Island Development Authority ("Sublandlord") and California Engineering Contractors, Inc., a California corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Sublease is made with reference to the following facts and circumstances:

A. The United States of America, acting by and through the Department of Navy ("Master Landlord") and Sublandlord entered into a lease dated November 19, 1998, as amended by that certain Amendment to Lease dated January 14, 1999, and that certain Amendment to Lease dated February 1, 2000, (the "Master Lease"), a copy of which is attached hereto as Exhibit A. Under the Master Lease, the Master Landlord leased to Sublandlord on Naval Station Treasure Island (the "Property"), among other things, one square block area consisting of approximately three (3) acres of unimproved land bounded by Avenue F, Avenue H, 11th Street and 9th Street, all as more particularly shown on the map attached hereto as Exhibit B (the "Premises").

B. The California Department of Transportation has awarded a contract to a joint venture consisting of Subtenant and Modern Continental for the seismic retrofit of the western span of the Bay Bridge ("Project").

C. Subtenant desires to sublet the Premises from Sublandlord and Sublandlord is willing to sublet the Premises to Subtenant on the terms and conditions contained in this Sublease.

NOW THEREFORE, Sublandlord and Subtenant hereby agree as follows:

1. PREMISES

1.1. Subleased Premises. Subject to the terms, covenants and conditions of this Sublease, Sublandlord subleases to Subtenant the Premises.

1.2. As Is Condition of Premises.

(a) Inspection of Premises. Subtenant represents and warrants that Subtenant has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Subtenant's

Agents") of the Premises and the suitability of the Premises for Subtenant's intended use. Subtenant is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the Premises are suitable for its operations and intended uses. As part of its inspection of the Premises, Subtenant acknowledges its receipt and review of the Seismic Report referenced in Section 1.2(c) below and the Joint Inspection Report referenced in Section 6 of the Master Lease.

(b) **As Is; Disclaimer of Representations.** Subtenant acknowledges and agrees that the Premises are being subleased and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties, including without limitation the orders and citations of any regulatory authority with jurisdiction over life and safety issues concerning the Premises governing the use, occupancy, management, operation and possession of the Premises ("Laws"). Without limiting the foregoing, this Sublease is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises, or any portion thereof, whether or not of record. Subtenant acknowledges and agrees that neither Sublandlord, the City and County of San Francisco ("City"), nor any of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees or contractors, or their respective heirs, legal representatives, successors and assigns ("Sublandlord's Agents") have made, and Sublandlord hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises, (ii) the physical, geological, seismological or environmental condition of the Premises, including, without limitation, the matters described in the Seismic Report (as defined below) (iii) the quality, nature or adequacy of any utilities serving the Premises, (iv) the feasibility, cost or legality of constructing any Alterations on the Premises if required for Subtenant's use and permitted under this Sublease, (v) the safety of the Premises, whether for the use of Subtenant or any other person, including Subtenant's Agents or Subtenant's clients, customers, vendors, invitees, guests, members, licensees, assignees or Subtenants ("Subtenant's Invitees"), or (vi) any other matter whatsoever relating to the Premises or their use, including, without limitation, any implied warranties of merchantability or fitness for a particular purpose.

(c) **Seismic Report.** Without limiting Section 1.2(b) above, Subtenant expressly acknowledges for itself and Subtenant's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Rense Plan: Physical Characteristics, Building and Infrastructure Conditions,*" prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit C. Subtenant has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the

conditions of the soils of the Property and points out that in the area of the Property where the Premises are located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that any structures or improvements located on or about the Premises, may fail structurally and collapse.

2. COMPLIANCE WITH MASTER LEASE

2.1. Incorporation by Reference. All of the terms and conditions of the Master Lease are hereby incorporated by reference into this Sublease as if fully set forth herein.

2.2. Conflict. If any of the provisions of this Sublease conflict with any portion of the Master Lease as incorporated herein, then the terms of the Master Lease shall govern.

2.3. Compliance with Master Lease. Subtenant shall not do or permit to be done anything which would constitute a violation or a breach of any of the terms, conditions or provisions of the Master Lease or which would cause the Master Lease to be terminated or forfeited by virtue of any rights of termination reserved by or vested in the Master Landlord.

2.4. Automatic Termination. If the Master Lease terminates for any reason whatsoever, this Sublease shall automatically terminate and the Parties shall thereafter be relieved from all liabilities and obligations under this Sublease, except for liabilities and obligations which expressly survive termination of this Sublease. Subtenant acknowledges and agrees that it has reviewed the Master Lease, is aware of the circumstances upon which the Master Lease may be terminated and hereby assumes all risks associated with the automatic termination of this Sublease because of the termination of the Master Lease.

3. TERM

3.1. Term of Sublease. The term of this Sublease (the "Term") shall commence on February 7, 2000 (the "Commencement Date") and expire on January 31, 2003, (the "Expiration Date", provided however that at any time after January 31, 2002, either Party may terminate this Sublease prior to the Expiration Date, for any reason and without liability for such termination, by providing the other Party at least One Hundred And Eighty (180) days prior written notice thereof.

4. RENT

4.1. **Base Rent.** Throughout the Term, beginning on the Commencement Date, Subtenant shall pay to Sublandlord Base Rent in the amount of twenty-two Thousand Dollars (\$22,000.00) per month (the "Base Rent"). Base Rent shall be paid to the Sublandlord without prior demand and without any deduction, setoff, or counterclaim whatsoever. Base Rent shall be payable on or before the first day of each month, in advance, at the Notice Address of Sublandlord provided in Section 20.1 hereof or such other place as Sublandlord may designate in writing. If the Commencement Date occurs on a date other than the first day of a calendar month, or the Sublease terminates on a day other than the last day of a calendar month, then the monthly payment of Base Rent for such fractional month shall prorated based on a thirty (30) day month.

4.2. **Additional Charges.** In addition to Base Rent, Subtenant shall pay any and all real property taxes, possessory interest taxes and other costs, impositions and expenses related to the Premises as provided in Section 5 hereof, plus all other charges related to the Premises otherwise payable by Subtenant to Sublandlord hereunder, including, without limitation, all late charges and default interest attributable to late payments and/or defaults of Subtenant hereunder, all utility charges, and the common area maintenance charge (the "Navy CAM Charge") levied by the Master Landlord on the Premises (together, the "Additional Charges"). Together, Base Rent and Additional Charges shall hereinafter be referred to as the "Rent".

4.3. **Late Charge.** If Subtenant fails to pay any Rent within ten (10) days after the date the same is due and payable, such unpaid amount will be subject to a late payment charge equal to six percent (6%) of the unpaid amount in each instance. The late payment charge has been agreed upon by Sublandlord and Subtenant, after negotiation, as a reasonable estimate of the additional administrative costs and detriment that Sublandlord will incur as a result of any such failure by Subtenant, the actual costs thereof being extremely difficult if not impossible to determine. The late payment charge constitutes liquidated damages to compensate Sublandlord for its damages resulting from such failure to pay and Subtenant shall promptly pay such charge to Sublandlord together with such unpaid amount.

4.4. **Default Interest.** If any Rent is not paid within ten (10) days following the due date, such unpaid amount shall bear interest from the due date until paid at the rate of ten percent (10%) per annum, provided however that interest shall not be payable on late charges incurred by Subtenant nor on any amounts on which late charges are paid by Subtenant to the extent this interest would cause the total interest to be in excess of that which an individual is lawfully permitted to charge. Payment of interest shall not excuse or cure any default by Subtenant.

5. TAXES, ASSESSMENTS AND OTHER EXPENSES

5.1. **Taxes and Assessments, Licenses, Permit Fees and Liens.**

(a) **Payment Responsibility.** Subtenant shall pay any and all real and personal property taxes, including, but not limited to, possessory interest taxes, general and special assessments, excises, licenses, permit fees and other charges and impositions of every description levied on or assessed against the Premises, any Alterations, Subtenant's Personal Property, or Subtenant's use of the Premises or any Alterations during the Term. Subtenant shall make all such payments directly to the charging authority when due and payable and at least ten (10) days prior to delinquency. However, with respect to real property taxes and assessments levied on or assessed against the Premises for which Sublandlord receives the tax bill directly from the taxing authority, Subtenant shall reimburse Sublandlord for payment of such sums immediately upon demand.

(b) **Taxability of Possessory Interest.** Without limiting the foregoing, Subtenant recognizes and agrees that this Sublease may create a possessory interest subject to property taxation and that Subtenant may be subject to the payment of property taxes levied on such interest.

(c) **No Liens.** Subtenant shall not allow or suffer a lien for any taxes payable by Subtenant hereunder to be imposed upon the Premises or upon any equipment or other property located thereon without discharging the same as soon as practicable, and in no event subsequent to delinquency.

(d) **Reporting Information.** Subtenant agrees to provide such information as Sublandlord may request to enable Sublandlord to comply with any possessory interest tax reporting requirements applicable to this Sublease.

5.2. **Other Expenses.** This is a "triple net" Sublease. Accordingly, Subtenant shall be responsible for any and all other charges, costs and expenses related to its use, occupancy, operation or enjoyment of the Premises or any Alterations permitted thereon, including, without limitation, the cost of any utilities, the Navy CAM Charge, and all property maintenance, including landscaping of parking areas, or any other services necessary for Subtenant's use.

5.3. **Evidence of Payment.** Subtenant shall, upon Sublandlord's request, furnish to Sublandlord within ten (10) days after the date when any charges are due and payable, official receipts of the appropriate taxing authority or other evidence reasonably satisfactory to Sublandlord, evidencing payment thereof.

6. **USE; COVENANTS TO PROTECT PREMISES**

6.1. **Subtenant's Permitted Use.** Subtenant may use the Premises in connection with Subtenant's work related to the Project as provided herein, and for no other purpose without the prior written consent of Sublandlord's Executive Director.

(a) **Permitted Uses and Activities.** Subtenant may use the Premises for the following

purposes: temporary office space; delivery and storage of fabricated steel; assembly of Subtenant's employees; light vehicle and equipment maintenance; refueling of equipment and vehicles; equipment storage, including storage of equipment by Subtenant's subcontractor, Robison-Prezioso, Inc. ("RPI"); and paint storage by RPI, all as more specifically set forth in the management plan attached hereto as Exhibit D (the "Management Plan"). Subtenant must obtain the prior written approval of Sublandlord's Executive Director to use the Premises in any manner, or conduct any activity upon the Premises, other than as set forth herein.

(b) **Traffic.** Subtenant shall use all reasonable efforts to limit vehicular traffic to and from the Premises. Subtenant may receive approximately three (3) deliveries of fabricated steel per week and may redistribute approximately ten (10) loads of fabricated steel per week, as further provided in the Management Plan. Subtenant may house approximately one hundred (100) employees on the Premises during the term of the Sublease. Subtenant shall conduct its operations within the limitations set forth herein and in the Management Plan, unless the prior written consent of Sublandlord's Executive Director is obtained to the contrary. Subtenant shall require its employees, contractors, agents, and any other persons acting on Subtenant's behalf, including but not limited to persons making deliveries to the Premises, to use the route depicted on Exhibit E hereto for vehicular access to and from the Premises.

(c) **Noise.** Subtenant shall conduct its use of the Premises hereunder in compliance with the City's noise regulations as set forth in Article 29 of the San Francisco Police Code.

(d) **Hours of Operation.** Subtenant may use the Premises only during the hours of operation set forth in the Management Plan.

6.2. **Rules and Regulations.** Subtenant agrees to adhere to all rules and regulations regarding the Premises attached hereto as Exhibit F, and any additional rules regarding security, ingress, egress, safety and sanitation applicable to the Premises or the Property, as such rules and regulations may be prescribed by Master Landlord or Sublandlord from time to time and which are provided to Subtenant in advance of the enforcement thereof.

6.3. **Easements.** This Sublease shall be subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in, and upon the Premises or any portion thereof, and to the right of Master Landlord to grant such additional easements and rights-of-way over, across, in and upon the Premises as Master Landlord shall determine to be in the public interest ("Additional Easements"), provided that, as provided in Section 29 of the Master Lease, Master Landlord shall use its best efforts to minimize any interference with Subtenant's operations hereunder caused by the granting of any such Additional Easements and the granting of such Additional Easements shall be conditioned on the assumption by the grantee thereof of liability to Subtenant for such damages as Subtenant shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such Additional Easements as are presently outstanding or

which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over the Premises as shall be necessary for the performance of their duties with regard to such facilities.

6.4. No Interference with Navy Operations. Subtenant shall not conduct operations, nor make any Alterations (as defined below), that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, Sublandlord, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Subtenant's use of the Premises in the event of any conflict, provided, however, in such event, Master Landlord and Sublandlord shall use their best efforts to minimize any disruption of Subtenant's operation.

6.5. No Unlawful Uses, Nuisances or Waste. Without limiting the foregoing, Subtenant shall not use, occupy or permit the use or occupancy of any of the Premises in any unlawful manner or for any illegal purpose, or permit any offensive, noisy or hazardous use or any waste on or about the Premises. Subtenant shall eliminate any nuisances or hazards relating to its activities on or about the Premises.

7. ALTERATIONS

7.1. Permitted Alterations. Subtenant may prepare the Premises for, and cause to be constructed thereon, certain moveable structures suitable for the use as construction site offices as contemplated herein (the "Building"), and shall make such other improvements as are necessary to landscape the Premises, to connect to existing utility systems, to provide parking for the Premises, or to otherwise comply with the plans and specifications more particularly set forth on Exhibit G attached hereto (the "Permitted Alterations").

7.2. Alterations. Subtenant shall not construct, install, make or permit to be made any alterations, installations or additions other than the Required Alterations (the "Other Alterations", and together with the Permitted Alterations, the "Alterations") in, to or about the Premises, without Sublandlord's prior written consent in each instance, which consent may given or withheld in Sublandlord's sole and absolute discretion. Subject to Sublandlord's consent as provided above, any Alterations shall be done at Subtenant's sole expense (i) in strict accordance with plans and specifications approved in advance by Sublandlord in writing, (ii) by duly licensed and bonded contractors or mechanics approved by Sublandlord or by program youths and staff under the supervision of qualified professionals, (iii) in a good and professional manner, (iv) in strict compliance with all Laws, and (v) subject to all other conditions that Sublandlord may reasonably impose. In no event shall the construction, installation or the making of any Alterations impair the use or operation of the Property, or any portion thereof, or Sublandlord's or

Master Landlord's access thereto. Prior to the commencement of any work on the Premises to construct any Alterations, Subtenant, at its sole expense, shall procure all required permits and approvals and shall promptly upon receipt deliver copies of all such documents to Sublandlord. No material change from plans and specifications for any Alterations approved by Sublandlord may be made without Sublandlord's prior consent. Sublandlord and Sublandlord's Agents shall have the right to inspect the course of construction on the Premises at all times.

7.3. Ownership of Alterations. Any Alterations constructed on or affixed to the Premises by or on behalf of Subtenant pursuant to the terms and limitations of this Section 7 shall be and remain Subtenant's property during the Term. Upon the termination of this Sublease, Subtenant shall remove all such Alterations from the Premises in accordance with the provisions of Section 18 hereof, unless Sublandlord, at its sole option and without limiting any of the provisions of Section 7.1 above, requires that such Alterations remain on the Premises following the expiration or termination of this Sublease, provided that the Buildings and the fence shall be considered Subtenant's Personal Property under Section 7.4 below.

7.4. Subtenant's Personal Property. All furniture, furnishings and articles of movable personal property and equipment used upon or installed in the Premises by or for the account of Subtenant that can be removed without structural or other material damage to the Premises, including without limitation, any fencing, butler buildings or trailers installed on the Premises by Subtenant (all of which are herein called "Subtenant's Personal Property") shall be and remain the property of Subtenant and shall be removed by Subtenant, subject to the provisions of Section 18 hereof. Subtenant shall be solely responsible for providing any security or other protection of or maintenance to Subtenant's Personal Property.

8. REPAIRS AND MAINTENANCE

8.1. Subtenant Responsible for Maintenance and Repair. Subtenant assumes full and sole responsibility for the condition, operation, repair and maintenance and management of the Premises from and after the Commencement Date and shall keep the Premises in good condition and repair. Sublandlord shall not be responsible for the performance of any repairs, changes or alterations to the Premises, nor shall Sublandlord be liable for any portion of the cost thereof. Subtenant shall make all repairs and replacements, interior and exterior, structural as well as non-structural, ordinary as well as extraordinary, foreseen and unforeseen, which may be necessary to maintain the Premises at all times in clean, safe, attractive and sanitary condition and in good order and repair, to Sublandlord's and Master Landlord's reasonable satisfaction, provided, however, that neither Subtenant nor Sublandlord shall be required to make structural repairs or Alterations to correct conditions affecting the Premises existing prior to the Commencement Date. If any portion of the Premises is damaged by any activities conducted by Subtenant or Subtenant's Agents or Subtenant's Invitees hereunder, Subtenant shall immediately, at its sole cost, repair all such damage and restore the Premises to its previous condition.

8.2. **Utilities.** Sublandlord shall provide the basic utilities and services described in the attached Exhibit H (the "Standard Utilities and Services") to the Premises, subject to the terms and conditions contained therein. Subtenant shall be responsible for furnishing, at its sole costs, any utilities or services other than or in excess of the Standard Utilities and Services that Subtenant may need for its use of the Premises. Subtenant shall pay, without set off or counterclaim, all amounts due and owing for such Standard Utilities and Services at the rates provided in and as otherwise set forth in Exhibit H.

8.3. **Janitorial Services.** Subtenant shall provide all janitorial services for the Premises.

8.4. **Pest Control.** Subtenant shall provide and pay for all pest control services required within the Premises, and shall keep the Premises free of all pests at all times.

8.5. **Trash.** Subtenant shall deposit all trash into designated containers in the Premises in compliance with the Rules and Regulations attached hereto as Exhibit F. Subtenant shall pay for the removal of trash from the designated containers. Subtenant shall abide by all rules established by Sublandlord or Master Landlord for the handling of trash.

8.6. **No Right to Repair and Deduct.** Subtenant expressly waives the benefit of any existing or future Laws or judicial or administrative decision that would otherwise permit Subtenant to make repairs or replacements at Sublandlord's expense, or to terminate this Sublease because of Sublandlord's failure to keep the Premises or any part thereof in good order, condition or repair, or to abate or reduce any of Subtenant's obligations hereunder on account of the Premises or any part thereof being in need of repair or replacement. Without limiting the foregoing, Subtenant expressly waives the provisions of California Civil Code Sections 1932, 1941 and 1942 or any similar Laws with respect to any right of Subtenant to terminate this Sublease and with respect to any obligations of Sublandlord hereunder or and any right of Subtenant to make repairs or replacements and deduct the cost thereof.

9. LIENS

9.1. **Liens.** Subtenant shall keep the Premises free from any liens arising out of any work performed, material furnished or obligations incurred by or for Subtenant. In the event Subtenant does not, within five (5) days following the imposition of any such lien, cause the lien to be released of record by payment or posting of a proper bond, Sublandlord shall have in addition to all other remedies provided herein and by law or equity the right, but not the obligation, to cause the same to be released by such means as it shall deem proper, including, but not limited to, payment of the claim giving rise to such lien. All such sums paid by Sublandlord and all expenses it incurs in connection therewith (including, without limitation, reasonable attorneys' fees) shall be payable to Sublandlord by Subtenant upon demand. Sublandlord shall have the right at all times to post and keep posted on the Premises any notices permitted or required by law or that Sublandlord deems proper for its protection and protection of the Premises from

mechanics' and materialmen's liens. Subtenant shall give Sublandlord at least fifteen (15) days' prior written notice of the commencement of any repair or construction on any of the Premises.

10. COMPLIANCE WITH LAWS

10.1. Compliance with Laws. Subtenant shall promptly, at its sole expense, maintain the Premises and Subtenant's use and operations thereon in strict compliance at all times with all present and future Laws, whether foreseen or unforeseen, ordinary as well as extraordinary, provided however, that Subtenant shall not be required to make repairs or structural changes to the Premises required solely to correct conditions affecting the Premises existing prior to the Commencement Date or not related to Subtenant's use of the Premises, unless the requirement for such changes is imposed as a result of any Alterations made or requested to be made by Subtenant. Such Laws shall include, without limitation, all Laws relating to health and safety and disabled accessibility including, without limitation, the Americans with Disabilities Act, 42 U.S.C.A. §§ 12101 et seq. and Title 24 of the California Code of Regulations, all present and future Environmental Laws (as defined in this Sublease below). No occurrence or situation arising during the Term, nor any present or future Law, whether foreseen or unforeseen, and however extraordinary, shall give Subtenant any right to seek redress against Sublandlord for failing to comply with any Laws. Subtenant waives any rights now or hereafter conferred upon it by any existing or future Law to compel Sublandlord to make any repairs to comply with any such Laws, on account of any such occurrence or situation.

10.2. Regulatory Approvals.

(a) **Responsible Party.** Subtenant understands and agrees that Subtenant's use of the Premises and construction of the Alterations permitted hereunder may require authorizations, approvals or permits from governmental regulatory agencies with jurisdiction over the Premises. Subtenant shall be solely responsible for obtaining any and all such regulatory approvals, including without limitation any liquor permits or approvals. Subtenant shall not seek any regulatory approval without first obtaining the written consent of Sublandlord. Subtenant shall bear all costs associated with applying for, obtaining and maintaining any necessary or appropriate regulatory approval and shall be solely responsible for satisfying any and all conditions imposed by regulatory agencies as part of a regulatory approval. Any fines or penalties levied as a result of Subtenant's failure to comply with the terms and conditions of any regulatory approval shall be immediately paid and discharged by Subtenant, and Sublandlord shall have no liability, monetary or otherwise, for any such fines or penalties. Subtenant shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Sublandlord and City, including, but not limited to, all of their respective officers, directors, employees, agents, affiliates, subsidiaries, licensees, contractors, boards, commissions, departments, agencies and other subdivisions and each of the persons acting by, through or under each of them, and their respective heirs, legal representatives, successors and assigns, and each of them (the "Indemnified Parties") against any and all claims, demands, losses, liabilities, damages, liens,

injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses") arising in connection with Subtenant's failure to obtain or comply with the terms and conditions of any regulatory approval.

10.3. Compliance with Sublandlord's Risk Management Requirements. Subtenant shall not do anything, or permit anything to be done, in or about the Premises or to any Alterations permitted hereunder that would create any unusual fire risk, and shall take commercially reasonable steps to protect Sublandlord from any potential premises liability. Subtenant shall faithfully observe, at its expense, any and all reasonable requirements of Sublandlord's Risk Manager with respect thereto and with the requirements of any policies of commercial general, all risk property or other policies of insurance at any time in force with respect to the Premises and any Alterations as required hereunder.

11. ENCUMBRANCES

11.1. Encumbrance By Subtenant. Notwithstanding anything to the contrary contained in this Sublease, Subtenant shall not under any circumstances whatsoever create any mortgage, deed of trust, assignment of rents, fixture filing, security agreement, or similar security instrument, or other lien or encumbrance or assignment or pledge of an asset as security in any manner against the Premises or Sublandlord's or Subtenant's interest under this Sublease.

12. DAMAGE OR DESTRUCTION

12.1. Damage or Destruction to the Premises. In the case of damage to or destruction of the Premises by earthquake, flood or any other casualty, which (i) is not caused by Subtenant or Subtenant's Agents or Subtenant's Invitees, (ii) is not covered by the insurance described in Section 16 below, (iii) prevents Subtenant from operating the Premises for the purposes stated herein, and (iv) costs more than Twenty-Five Thousand Dollars (\$25,000) to repair, Subtenant may terminate this Sublease upon thirty (30) days prior written notice and upon any such termination Subtenant shall surrender the Premises in accordance with Section 18 (except for damage caused by the casualty pursuant to which the Sublease may be terminated under this Section 12.1) and both Parties shall be relieved of any liability for such termination or for repairing such damage. Except as specifically provided above, Subtenant shall, at its sole cost, promptly restore, repair, replace or rebuild the Premises to the condition the Premises were in prior to such damage or destruction, subject to any Alterations made in strict accordance with the requirements of Section 7.1 above. Under no circumstances shall Sublandlord have any obligation to repair, replace or rebuild the Premises in the event of a casualty.

12.2. No Abatement in Rent. In the event of any damage or destruction to the Premises, and if neither party terminates this Sublease as provided in Section 12.1 above, there shall be no abatement in the Rent payable hereunder.

12.3. Waiver. The Parties understand and agree that the foregoing provisions of this Section are intended to govern fully the rights and obligations of the Parties in the event of damage or destruction to the Premises or Alterations, and Sublandlord and Subtenant each hereby waives and releases any right to terminate this Sublease in whole or in part under Sections 1932.2 and 1933.4 of the Civil Code of California or under any similar Laws now or hereafter in effect, to the extent such rights are inconsistent with the provisions hereof.

13. ASSIGNMENT AND SUBLETTING

13.1. Restriction on Assignment and Subletting. Subtenant shall not directly or indirectly (including, without limitation, by merger, acquisition or other transfer of any controlling interest in Subtenant), voluntarily or by operation of Law, sell, assign, encumber, pledge or otherwise transfer any part of its interest in or rights with respect to the Premises, any Alterations or its interest in this Sublease, or permit any portion of the Premises to be occupied by anyone other than itself, or sublet any portion of the Premises, without Sublandlord's prior written consent in each instance, which Sublandlord may grant or withhold in its sole and absolute discretion.

14. DEFAULT; REMEDIES

14.1. Events of Default. Any of the following shall constitute an event of default ("Event of Default") by Subtenant hereunder:

- (a) **Failure to Pay Rent.** Any failure to pay any Rent or any other sums due hereunder, including sums due for utilities, within ten (10) days after such sums are due;
- (b) **Covenants, Conditions and Representations.** Any failure to perform or comply with any other covenant, condition or representation made under this Sublease, provided Subtenant shall have a period of ten (10) days from the date of written notice from Sublandlord of such failure within which to cure such default under this Sublease, or, if such default is not capable of cure within such 10-day period, Subtenant shall have a reasonable period to complete such cure if Subtenant promptly undertakes action to cure such default within such 10-day period and thereafter diligently prosecutes the same to completion and uses its best efforts to complete such cure within sixty (60) days after the receipt of notice of default from Sublandlord.
- (c) **Vacation or Abandonment.** Any abandonment of the Premises for more than thirty (30) consecutive days; and
- (d) **Bankruptcy.** The appointment of a receiver to take possession of all or substantially all of the assets of Subtenant, or an assignment by Subtenant for the benefit of creditors, or any action taken or suffered by Subtenant under any insolvency, bankruptcy, reorganization, moratorium or other debtor relief act or statute, whether now existing or hereafter amended or

enacted.

14.2. Remedies. Upon the occurrence of an Event of Default by Subtenant, Sublandlord shall have the following rights and remedies in addition to all other rights and remedies available to Sublandlord at Law or in equity:

(a) **Terminate Sublease and Recover Damages.** The rights and remedies provided by law California Civil Code Section 1951.2 (damages on termination for breach), including, but not limited to, the right to terminate Subtenant's right to possession of the Premises and to recover the worth at the time of award of the amount by which the unpaid Rent for the balance of the Term after the time of award exceeds the amount of rental loss for the same period that Subtenant proves could be reasonably avoided, as computed pursuant to subsection (b) of such Section 1951.2. Sublandlord's efforts to mitigate the damages caused by Subtenant's breach of this Sublease shall not waive Sublandlord's rights to recover unmitigated damages upon termination.

(b) **Appointment of Receiver.** The right to have a receiver appointed for Subtenant upon application by Sublandlord to take possession of the Premises and to apply any rental collected from the Premises and to exercise all other rights and remedies granted to Sublandlord pursuant to this Sublease.

14.3. Sublandlord's Right to Cure Subtenant's Defaults. If Subtenant defaults in the performance of any of its obligations under this Sublease, then Sublandlord may at any time thereafter with three (3) days prior written notice (except in the event of an emergency as determined by Sublandlord), remedy such Event of Default for Subtenant's account and at Subtenant's expense. Subtenant shall pay to Sublandlord, as Additional Charges, promptly upon demand, all sums expended by Sublandlord, or other costs, damages, expenses or liabilities incurred by Sublandlord, including, without limitation, reasonable attorneys' fees, in remedying or attempting to remedy such Event of Default. Subtenant's obligations under this Section shall survive the termination of this Sublease. Nothing herein shall imply any duty of Sublandlord to do any act that Subtenant is obligated to perform under any provision of this Sublease, and Sublandlord's cure or attempted cure of Subtenant's Event of Default shall not constitute a waiver of Subtenant's Event of Default or any rights or remedies of Sublandlord on account of such Event of Default.

15. RELEASE AND WAIVER OF CLAIMS; INDEMNIFICATION

15.1. Release and Waiver of Claims. Subtenant, on behalf of itself and Subtenant's Agents, covenants and agrees that the Indemnified Parties shall not be responsible for or liable to Subtenant for, and, to the fullest extent allowed by any Laws, Subtenant hereby waives all rights against the Indemnified Parties and releases them from, any and all Losses, including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any

person or loss or damage to any property, in or about the Premises, from any cause whatsoever, including without limitation, partial or complete collapse of the Premises due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the gross negligence or willful misconduct of the Indemnified Parties. Without limiting the generality of the foregoing:

(a) Subtenant expressly acknowledges and agrees that the consideration and other sums payable hereunder does not take into account any potential liability of the Indemnified Parties for any consequential or incidental damages including, but not limited to, lost profits arising out of disruption to Subtenant's uses hereunder. Sublandlord would not be willing to enter into this Sublease in the absence of a complete waiver of liability for consequential or incidental damages due to the acts or omissions of the Indemnified Parties, and Subtenant expressly assumes the risk with respect thereto. Accordingly, without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action for consequential and incidental damages and covenants not to sue the Indemnified Parties for such damages arising out of this Sublease or the uses authorized hereunder, including, without limitation, any interference with uses conducted by Subtenant pursuant to this Sublease regardless of the cause.

(b) Without limiting any indemnification obligations of Subtenant or other waivers contained in this Sublease and as a material part of the consideration for this Sublease, Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all claims, demands, rights, and causes of action against, and covenants not to sue the Indemnified Parties under any present or future Laws, statutes, or regulations, including, but not limited to, any claim for inverse condemnation or the payment of just compensation under the law of eminent domain, or otherwise at equity, in the event that Sublandlord terminates this Sublease because of such claim for inverse condemnation or eminent domain.

(c) As part of Subtenant's agreement to accept the Premises in its "As Is" condition as provided herein, and without limiting such agreement and any other waiver contained herein, Subtenant on behalf of itself and its successors and assigns, waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the physical or environmental condition of the Premises and any related improvements or any Laws or regulations applicable thereto or the suitability of the Premises for Subtenant's intended use.

(d) Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated, and Subtenant fully RELEASES, WAIVES AND DISCHARGES, the Indemnified Parties from any and all Losses and any and all claims, demands or rights against any of the Indemnified Parties under any present and future Laws, including, without limitation, any and all

claims for relocation benefits or assistance from the Indemnified Parties under federal and state relocation assistance laws.

(e) Subtenant covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Indemnified Parties any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 15.1.

(f) In executing these waivers and releases, Subtenant has not relied upon any representation or statement other than as expressly set forth herein.

(g) Subtenant had made such investigation of the facts pertaining to these waivers and releases it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Subtenant regardless of any claims of mistake.

(h) In connection with the foregoing releases, Subtenant acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

Subtenant acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Subtenant realizes and acknowledges that it has agreed upon this Sublease in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Sublease.

15.2. Subtenant's Indemnity. Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties from and against any and all Losses arising out of Subtenant's use of the Premises, including but not limited to, any Losses arising out of: (a) any damage to or destruction of any property owned by or in the custody of Subtenant or Subtenant's Agents or Subtenant's Invitees; (b) any accident, injury to or death of a person, including, without limitation, Subtenant's Agents and Subtenant's Invitees, howsoever or by whomsoever caused, occurring in, on or about the Premises; (c) any default by Subtenant in the observation or performance of any of the terms, covenants or conditions of this Sublease to be observed or performed on Subtenant's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Subtenant, Subtenant's Agents or Subtenant's

Invitees or any person or entity claiming through or under any of them, of the Premises or any Alterations; and (e) any construction or other work undertaken by Subtenant on or about the Premises; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Sublease and further except only to the extent such Losses are caused by the gross negligence and intentional wrongful acts and omissions of the Indemnified Parties. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Sublandlord's costs of investigating any Loss. Subtenant specifically acknowledges and agrees that it has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter. Subtenant's obligations under this Section shall survive the expiration or sooner termination of this Sublease.

16. INSURANCE

16.1. Subtenant's Insurance. Without in any way limiting Subtenant's liability pursuant to Section 15 hereof, Subtenant shall procure and maintain throughout the Term of this Sublease and pay the cost thereof the following insurance:

- (a) Commercial general liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including contractual liability, personal injury, products and completed operations. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.
- (b) Workers' compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Sublandlord, Subtenant, the Premises or any other Sublandlord property, in an amount not less than \$1,000,000 each accident.
- (c) Business automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Subtenant uses automobiles in connection with its use of the Premises. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

16.2. General Requirements. All insurance provided for under this Sublease shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Sublandlord.

- (a) Should any of the required insurance be provided under a claims-made form, Subtenant

shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of three (3) years beyond the expiration or termination of this Sublease, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Sublease, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Subtenant as the insured and the Sublandlord and the Master Landlord as additional insureds.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Sublease, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

(iii) All policies shall be endorsed to provide thirty (30) days' advance written notice to Sublandlord of cancellation, non-renewal or reduction in coverage, mailed to the address(es) for Sublandlord set forth in Section 20.1.

16.3. Proof of Insurance. Subtenant shall deliver to Sublandlord certificates of insurance in form and with insurers satisfactory to Sublandlord, evidencing the coverages required hereunder, on or before the Commencement Date, together with complete copies of the policies promptly upon Sublandlord's request, and Subtenant shall provide Sublandlord with certificates or policies thereafter at least thirty (30) days before the expiration dates of expiring policies. As to the insurance required pursuant to Section 16.1(b)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Subtenant's indemnity obligations under Section 15.2 above. In the event Subtenant shall fail to procure such insurance, or to deliver such policies or certificates, Sublandlord may, at its option, procure the same for the account of Subtenant, and the cost thereof shall be paid to Sublandlord within five (5) days after delivery to Subtenant of bills therefor.

16.4. No Limitation on Indemnities. Subtenant's compliance with the provisions of this Section shall in no way relieve or decrease Subtenant's indemnification obligations herein or any

of Subtenant's other obligations or liabilities under this Sublease.

16.5. Lapse of Insurance. Notwithstanding anything to the contrary in this Sublease, Sublandlord may elect in Sublandlord's sole and absolute discretion to terminate this Sublease upon the lapse of any required insurance coverage by written notice to Subtenant.

16.6. Subtenant's Personal Property. Subtenant shall be responsible, at its expense, for separately insuring Subtenant's Personal Property.

17. ACCESS BY SUBLANDLORD

17.1. Access to Premises by Sublandlord.

(a) **General Access.** Sublandlord reserves for itself and Sublandlord's Agents, the right to enter the Premises and any portion thereof at all reasonable times upon not less than twenty-four (24) hours oral or written notice to Subtenant (except in the event of an emergency) for any purpose.

(b) **Emergency Access.** In the event of any emergency, as determined by Sublandlord, Sublandlord may, at its sole option and without notice, enter the Premises and alter or remove any Alterations or Subtenant's Personal Property on or about the Premises. Sublandlord shall have the right to use any and all means Sublandlord considers appropriate to gain access to any portion of the Premises in an emergency. In such case, Sublandlord shall not be responsible for any damage or injury to any such property, nor for the replacement of any such property and any such emergency entry shall not be deemed to be a forcible or unlawful entry onto or a detainer of, the Premises, or an eviction, actual or constructive, of Subtenant from the Premises or any portion thereof.

(c) **No Liability.** Sublandlord shall not be liable in any manner, and Subtenant hereby waives any claims, for any inconvenience, disturbance, loss of business, nuisance or other damage arising out of Sublandlord's entry onto the Premises, except damage resulting directly and exclusively from the gross negligence or willful misconduct of Sublandlord or Sublandlord's Agents and not contributed to by the acts, omissions or negligence of Subtenant, Subtenant's Agents or Subtenant's Invitees.

17.2. Access to Premises by Master Landlord. Subtenant acknowledges and agrees that Master Landlord shall have all of the rights of access to the Premises described in the Master Lease.

18. SURRENDER

18.1. Surrender of the Premises. Upon the termination of this Sublease, Subtenant shall

surrender to Sublandlord the Premises in the same condition as of the Commencement Date, ordinary wear and tear excepted, and free and clear of all liens, easements and other Encumbrances created or suffered by, through or under Subtenant. On or before any termination hereof, Subtenant shall, at its sole cost, remove any and all of Subtenant's Personal Property from the Premises and demolish and remove any and all Alterations from the Premises (except for any Alterations that Sublandlord agrees are to remain part of the Premises pursuant to the provisions of Section 7.4 above). In addition, Subtenant shall, at its sole expense, repair any damage to the Premises resulting from the removal of any such items and restore the Premises to their condition immediately prior to the presence of any Alterations. In connection therewith, Subtenant shall obtain any and all necessary permits and approvals, including, without limitation, any environmental permits, and execute any manifests or other documents necessary to complete the demolition, removal or restoration work required hereunder. Subtenant's obligations under this Section shall survive the termination of this Sublease. Any items of Subtenant's Personal Property remaining on or about the Premises after the termination of this Sublease may, at Sublandlord's option and after thirty (30) days written notice to Subtenant, be deemed abandoned and in such case Sublandlord may dispose of such property in accordance with Section 1980, et seq., of the California Civil Code or in any other manner allowed by Law.

If Subtenant fails to surrender the Premises to Sublandlord upon the termination of this Sublease as required by this Section, Subtenant shall Indemnify Sublandlord against all Losses resulting therefrom, including, without limitation, Losses made by a succeeding Subtenant resulting from Subtenant's failure to surrender the Premises.

18.2. Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount of Forty Four Thousand Dollars (\$44,000) as security for the faithful performance of all terms, covenants and conditions of this Sublease. Subtenant agrees that Sublandlord may (but shall not be required to) apply the security deposit in whole or in part to remedy any damage to the Premises caused by Subtenant, Subtenant's Agents or Subtenant's Invitees, or any failure of Subtenant to perform any other terms, covenants or conditions contained in this Sublease, without waiving any of Sublandlord's other rights and remedies hereunder or at Law or in equity. Should Sublandlord use any portion of the security deposit to cure any Event of Default by Subtenant hereunder, Subtenant shall immediately replenish the security deposit to the original amount, and Subtenant's failure to do so within five (5) days of Sublandlord's notice shall constitute a material Event of Default under this Sublease. Sublandlord's obligations with respect to the security deposit are solely that of debtor and not trustee. Sublandlord shall not be required to keep the security deposit separate from its general funds, and Subtenant shall not be entitled to any interest on such deposit. The amount of the security deposit shall not be deemed to limit Subtenant's liability for the performance of any of its obligations under this Sublease. To the extent that Sublandlord is not entitled to retain or apply the security deposit pursuant to this Section 18.2, Sublandlord shall return such security deposit to Sublandlord within forty-five (45) days of the termination of this Sublease.

19. HAZARDOUS MATERIALS

19.1. No Hazardous Materials. Except as specifically set forth on Exhibit I (the "Approved Hazardous Materials"), Subtenant covenants and agrees that neither Subtenant nor any of Subtenant's Agents or Subtenant's Invitees shall cause or permit any material that, because of its quantity, concentration or physical or chemical characteristics, is deemed by any federal, state or local governmental authority to pose a present or potential hazard to human health or safety or to the environment, including, without limitation, any material or substance defined as a "hazardous substance," or "pollutant" or "contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980 ("CERCLA", also commonly known as the "Superfund" law), as amended, (42 U.S.C. Sections 9601 et seq.) or pursuant to Section 25281 of the California Health & Safety Code; any "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the structure of any existing improvements on the Premises, or are naturally occurring substances on, in or about the Premises; and petroleum, including crude oil or any fraction thereof, and natural gas or natural gas liquids ("Hazardous Material") to be brought upon, kept, used, stored, generated or disposed of in, on or about the Premises or transported to or from the Premises without the prior written approval of Sublandlord, which approval may be withheld in Sublandlord's sole and absolute discretion. Subtenant shall immediately notify Sublandlord if and when Subtenant learns or has reason to believe there has been any release of Hazardous Material in, on or about the Premises. Sublandlord may from time to time request Subtenant to provide adequate information for Sublandlord to determine that any Hazardous Material permitted hereunder is being handled in compliance with all applicable federal, state or local Laws or policies relating to Hazardous Material (including, without limitation, its use, handling, transportation, production, disposal, discharge or storage) or to human health and safety, industrial hygiene or environmental conditions in, on, under or about the Premises and any other property, including, without limitation, soil, air and groundwater conditions ("Environmental Laws"), and Subtenant shall promptly provide all such information. Sublandlord and Sublandlord's Agents shall have the right to inspect the Premises for Hazardous Material and compliance with the provisions hereof at all reasonable times upon reasonable advance oral or written notice to Subtenant (except in the event of an emergency). Subtenant agrees that it shall comply, without limiting the foregoing, with the provisions of Article 21 of the San Francisco Health Code including, without limitation, regarding obtaining and complying with the requirements of an approved hazardous materials management plan, and with the requirements of the environmental protection provisions provided for in Section 13 of the Master Lease.

19.2. Subtenant's Environmental Indemnity. If Subtenant breaches any of its obligations contained in Section 19.1 above, or, if any act or omission or negligence of Subtenant or any of Subtenant's Agents or Subtenant's Invitees results in any spilling, leaking, pumping, pouring, emitting, discharging, injecting, escaping, leeching or dumping ("Release") of Hazardous Material in, on, under or about the Premises or the Property, without limiting Subtenant's general

Indemnity contained in Section 15.2 above, Subtenant, on behalf of itself and Subtenant's Agents, shall Indemnify the Indemnified Parties, and each of them, from and against all any and all enforcement, investigation, remediation or other governmental or regulatory actions, agreements or orders threatened, instituted or completed pursuant to any Environmental Laws together with any and all Losses made or threatened by any third party against Sublandlord, Sublandlord's Agents, or the Premises, relating to damage, contribution, cost recovery compensation, loss or injury resulting from the presence, Release or discharge of any Hazardous Materials, including, without limitation, Losses based in common law, investigation and remediation costs, fines, natural resource damages, damages for decrease in value of the Premises, the loss or restriction of the use or any amenity of the Premises and attorneys' fees and consultants' fees and experts' fees and costs ("Hazardous Materials Claims") arising during or after the Term of this Sublease and relating to such Release. The foregoing Indemnity includes, without limitation, all costs associated with the investigation and remediation of Hazardous Material and with the restoration of the Premises or the Property to its prior condition including, without limitation, fines and penalties imposed by regulatory agencies, natural resource damages and losses, and revegetation of the Premises or other Sublandlord property. Without limiting the foregoing, if Subtenant or any of Subtenant's Agents or Subtenant's Invitees, causes or permits the Release of any Hazardous Materials in, on, under or about the Premises or the Property, Subtenant shall, immediately, at no expense to Sublandlord, take any and all appropriate actions to return the Premises or other Sublandlord property affected thereby to the condition existing prior to such Release and otherwise investigate and remediate the Release in accordance with all Environmental Laws. Subtenant shall provide Sublandlord with written notice of and afford Sublandlord a full opportunity to participate in any discussions with governmental regulatory agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree, permit, approvals, or other compromise or proceeding involving Hazardous Material.

19.3. Acknowledgment of Receipt of EBS and FOSL Reports. Subtenant hereby acknowledges for itself and Subtenant's Agents that, prior to the execution of this Sublease, it has received and reviewed the Environmental Baseline Survey ("EBS") and the Finding of Suitability to Lease ("FOSL") described in Section 7 of the Master Lease.

20. GENERAL PROVISIONS

20.1. Notices. Except as otherwise expressly provided in this Sublease, any notice given hereunder shall be effective only in writing and given by delivering the notice in person, or by sending it first class mail or certified mail with a return receipt requested or reliable commercial overnight courier, return receipt requested, with postage prepaid as follows:

Notice Address of Sublandlord

Treasure Island Development Authority
Treasure Island Project Office
401 Palm Avenue
Building 1, Room 237

Treasure Island
Attn: Executive Director
Fax No.: 415-274-0662

with a copy to:

Office of the City Attorney
City Hall, Second Floor
1 Dr. Carlton B. Goodlett Place
San Francisco, CA 94102
Attn: Michael S. Cohen
Fax No.: (415) 554-4755

Notice Address of Subtenant:

California Engineering Contractors, Inc.
20 Happy Valley Road
Pleasanton, CA 94566
Attn: Wahid Tadros
Fax No.: (925) 461-0510

Notice Address of Master Landlord:

Commanding Officer (Code 24)
Engineering Field Activity West
Naval Facilities Engineering Command
900 Commodore Drive
San Bruno, California 94066

Any Party hereunder may designate a new address for notice purposes hereunder at least ten (10) days prior to the effective date of such change. Any notice hereunder shall be deemed to have been given two (2) days after the date when it is mailed if sent by first class or certified mail, one day after the date it is made, if sent by commercial overnight carrier, or upon the date personal delivery is made, and any refusal by either Party to accept the attempted delivery of any notice, if such attempted delivery is in compliance with this Section 20.1 and applicable Laws, shall be deemed receipt of such notice.

20.2. No Implied Waiver. No failure by Sublandlord to insist upon the strict performance of any obligation of Subtenant under this Sublease or to exercise any right, power or remedy arising out of a breach thereof, irrespective of the length of time for which such failure continues, no acceptance of full or partial payment for any sums due hereunder during the continuance of any such breach, and no acceptance of the keys to or possession of the Premises prior to the expiration of the Term by any Agent of Sublandlord, shall constitute a waiver of such breach or of Sublandlord's right to demand strict compliance with such term, covenant or condition or operate as a surrender of this Sublease. No express written waiver of any default or the performance of any provision hereof shall affect any other default or performance, or cover any other period of time, other than the default, performance or period of time specified in such

express waiver. One or more written waivers of a default or the performance of any provision hereof shall not be deemed to be a waiver of a subsequent default or performance. The consent of Sublandlord given in any instance under the terms of this Sublease shall not relieve Subtenant of any obligation to secure the consent of Sublandlord in any other or future instance under the terms of this Sublease.

20.3. Amendments. Neither this Sublease nor any term or provisions hereof may be changed, waived, discharged or terminated, except by a written instrument signed by the Parties hereto.

20.4. Authority. If Subtenant signs as a corporation, a partnership or a limited liability company, each of the persons executing this Sublease on behalf of Subtenant does hereby covenant and warrant that Subtenant is a duly authorized and existing entity, that Subtenant has and is qualified to do business in California, that Subtenant has full right and authority to enter into this Sublease, and that each and all of the persons signing on behalf of Subtenant are authorized to do so. Upon Sublandlord's request, Subtenant shall provide Sublandlord with evidence reasonably satisfactory to Sublandlord confirming the foregoing representations and warranties. Without limiting the generality of the foregoing, Subtenant represents and warrants that it has full power to make the waivers and releases, indemnities and the disclosure set forth herein, and that it has received independent legal advice from its attorney as to the advisability of entering into a sublease containing those provisions and their legal effect.

20.5. Joint and Several Obligations. The word "Subtenant" as used herein shall include the plural as well as the singular. If there is more than one Subtenant, the obligations and liabilities under this Sublease imposed on Subtenant shall be joint and several.

20.6. Interpretation of Sublease. The captions preceding the articles and sections of this Sublease and in the table of contents have been inserted for convenience of reference only and such captions shall in no way define or limit the scope or intent of any provision of this Sublease. This Sublease has been negotiated at arm's length and between persons sophisticated and knowledgeable in the matters dealt with herein and shall be interpreted to achieve the intents and purposes of the Parties, without any presumption against the party responsible for drafting any part of this Sublease. Provisions in this Sublease relating to number of days shall be calendar days, unless otherwise specified, provided that if the last day of any period to give notice, reply to a notice or to undertake any other action occurs on a Saturday, Sunday or a bank or Sublandlord holiday, then the last day for undertaking the action or giving or replying to the notice shall be the next succeeding business day. Use of the word "including" or similar words shall not be construed to limit any general term, statement or other matter in this Sublease, whether or not language of non-limitation, such as "without limitation" or similar words, are used. Unless otherwise provided herein, whenever the consent of Sublandlord is required to be obtained by Subtenant hereunder, Sublandlord may give or withhold such consent in its sole and absolute discretion.

20.7. Successors and Assigns. Subject to the provisions of Section 13, the terms, covenants and conditions contained in this Sublease shall bind and inure to the benefit of Sublandlord and Subtenant and, except as otherwise provided herein, their personal representatives and successors and assigns; provided, however, that upon any transfer by Sublandlord (or by any subsequent Sublandlord) of its interest in the Premises as lessee, including any transfer by operation of Law, Sublandlord (or any subsequent Sublandlord) shall be relieved from all subsequent obligations and liabilities arising under this Sublease subsequent to such transfer.

20.8. Brokers. Neither party has had any contact or dealings regarding the leasing of the Premises, or any communication in connection therewith, through any licensed real estate broker or other person who could claim a right to a commission or finder's fee in connection with the Sublease contemplated herein. In the event that any broker or finder perfects a claim for a commission or finder's fee based upon any such contact, dealings or communication, the party through whom the broker or finder makes a claim shall be responsible for such commission or fee and shall Indemnify the other party from any and all Losses incurred by the indemnified party in defending against the same. The provisions of this Section shall survive any termination of this Sublease.

20.9. Severability. If any provision of this Sublease or the application thereof to any person, entity or circumstance shall, to any extent, be invalid or unenforceable, the remainder of this Sublease, or the application of such provision to persons, entities or circumstances other than those as to which it is invalid or unenforceable, shall not be affected thereby, and each other provision of this Sublease shall be valid and be enforceable to the fullest extent permitted by Law.

20.10. Governing Law. This Sublease shall be construed and enforced in accordance with the Laws of the State of California and the federal government.

20.11. Entire Agreement. This instrument (including the exhibits hereto, which are made a part of this Sublease) contains the entire agreement between the Parties and supersedes all prior written or oral negotiations, discussions, understandings and agreements. The Parties further intend that this Sublease shall constitute the complete and exclusive statement of its terms and that no extrinsic evidence whatsoever (including prior drafts of this Sublease and any changes therefrom) may be introduced in any judicial, administrative or other legal proceeding involving this Sublease. Subtenant hereby acknowledges that neither Sublandlord nor Sublandlord's Agents have made any representations or warranties with respect to the Premises or this Sublease except as expressly set forth herein, and no rights, easements or licenses are or shall be acquired by Subtenant by implication or otherwise unless expressly set forth herein. Notwithstanding the foregoing, the Parties shall make a good faith effort to negotiate mutually acceptable changes to this Sublease, if any, within ninety (90) days of the date hereof, provided however, that such changes, if any, shall be subject to the approval of the Master Landlord.

20.12. Attorneys' Fees. In the event that either Sublandlord or Subtenant fails to perform any of its obligations under this Sublease or in the event a dispute arises concerning the meaning or interpretation of any provision of this Sublease, the defaulting party or the party not prevailing in such dispute, as the case may be, shall pay any and all costs and expenses incurred by the other party in enforcing or establishing its rights hereunder (whether or not such action is prosecuted to judgment), including, without limitation, court costs and reasonable attorneys' fees.

20.13. Time of Essence. Time is of the essence with respect to all provisions of this Sublease in which a definite time for performance is specified.

20.14. Cumulative Remedies. All rights and remedies of either party hereto set forth in this Sublease shall be cumulative, except as may otherwise be provided herein.

20.15. Survival of Indemnities. Termination of this Sublease shall not affect the right of either party to enforce any and all indemnities and representations and warranties given or made to the other party under this Sublease, nor shall it affect any provision of this Sublease that expressly states it shall survive termination hereof. Subtenant specifically acknowledges and agrees that, with respect to each of the indemnities contained in this Sublease, Subtenant has an immediate and independent obligation to defend Sublandlord and the other Indemnified Parties from any claim which actually or potentially falls within the indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Subtenant by Sublandlord and continues at all times thereafter.

20.16. Relationship of Parties. Sublandlord is not, and none of the provisions in this Sublease shall be deemed to render Sublandlord, a partner in Subtenant's business, or joint venturer or member in any joint enterprise with Subtenant. This Sublease is not intended nor shall it be construed to create any third party beneficiary rights in any third party, unless otherwise expressly provided. The granting of this Sublease by Sublandlord does not constitute authorization or approval by Sublandlord of any activity conducted by Subtenant on, in or relating to the Premises.

20.17. Recording. Subtenant agrees that it shall not record this Sublease nor any memorandum or short form hereof in the official records of any county.

20.18. Non-Liability of Indemnified Parties' Officials, Employees and Agents. No elective or appointive board, commission, member, officer or employee of any of the Indemnified Parties shall be personally liable to Subtenant, its successors and assigns, in the event of any default or breach by Sublandlord or for any amount which may become due to Subtenant, its successors and assigns, or for any obligation of Sublandlord under this Agreement.

20.19. No Discrimination. Subtenant shall comply with the non-discrimination provisions of Section 19.1 of the Master Lease, including, without limitation, posting all notices required

therein.

20.20. Counterparts. This Sublease may be executed in two or more counterparts, each of which shall be deemed an original, but all of which taken together shall constitute one and the same instrument.

20.21. Master Landlord's Consent. This Sublease is expressly conditioned upon receipt of the written consent of Master Landlord

21. SPECIAL PROVISIONS

21.1. Signs. Subtenant agrees that it will not erect or maintain, or permit to be erected or maintained, any signs, notices or graphics upon or about the Premises which are visible in or from public corridors or other portions of any common areas of the Premises or from the exterior of the Premises, without Sublandlord's prior written consent, which Sublandlord may withhold or grant in its sole discretion.

21.2. Public Transit Information. Subtenant shall establish and carry on during the Term a program to encourage maximum use of public transportation by personnel of Subtenant employed on the Premises, including, without limitation, the distribution to such employees of written materials explaining the convenience and availability of public transportation facilities adjacent or proximate to the Premises and encouraging use of such facilities, all at Subtenant's sole expense.

21.3. Non-Discrimination.

(a) **Covenant Not to Discriminate.** In the performance of this Sublease, Subtenant covenants and agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any City employee working with, or applicant for employment with, Subtenant in any of Subtenant's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Subtenant.

(b) **Subleases and Other Subcontracts.** Subtenant shall include in all Subleases and other subcontracts relating to the Premises a non-discrimination clause applicable to such Subtenant or other subcontractor in substantially the form of subsection (a) above. In addition, Subtenant shall incorporate by reference in all subleases and other subcontracts the provisions of Sections 12B.2(a), 12B.2(c)-(k), and 12C.3 of the San Francisco Administrative Code and shall require all Subtenants and other subcontractors to comply with such provisions. Subtenant's

failure to comply with the obligations in this subsection shall constitute a material breach of this Sublease.

(c) Non-Discrimination in Benefits. Subtenant does not as of the date of this Sublease and will not during the Term, in any of its operations in San Francisco or where the work is being performed for the City or elsewhere within the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in Section 12B.2(b) of the San Francisco Administrative Code.

(d) HRC Form. Subtenant shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (Form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission (the "HRC").

(e) Incorporation of Administrative Code Provisions by Reference. The provisions of Chapters 12B and 12C of the San Francisco Administrative Code relating to non-discrimination by parties contracting for the lease of City property are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Subtenant shall comply fully with and be bound by all of the provisions that apply to this Sublease under such Chapters of the Administrative Code, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Subtenant understands that pursuant to Section 12B.2(h) of the San Francisco Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Sublease may be assessed against Subtenant and/or deducted from any payments due Subtenant.

21.4. No Relocation Assistance; Waiver of Claims. Subtenant acknowledges that it will not be a displaced person at the time this Sublease is terminated or expires by its own terms, and Subtenant fully RELEASES, WAIVES AND DISCHARGES forever any and all Claims against, and covenants not to sue, Sublandlord, its departments, commissions, officers, directors and employees, and all persons acting by, through or under each of them, under any laws, including, without limitation, any and all claims for relocation benefits or assistance from Sublandlord under federal and state relocation assistance laws (including, but not limited to, California Government Code Section 7260, et seq.), except as otherwise specifically provided in this Sublease with respect to a Taking.

21.5. MacBride Principles - Northern Ireland. The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities

and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Subtenant acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

21.6. Tropical Hardwood Ban. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood or tropical hardwood product.

21.7. Conflicts of Interest. Subtenant states that it is familiar with the provisions of Section 8.105 and 8.106 of the San Francisco Charter and certifies that it knows of no facts which would constitute a violation of such provisions. Subtenant further certifies that it has made a complete disclosure to the Sublandlord of all facts bearing on any possible interests, direct or indirect, which Subtenant believes any officer or employee of the Sublandlord presently has or will have in this Sublease or in the performance thereof or in any portion of the profits thereof. Willful failure by Subtenant to make such disclosure, if any, shall constitute grounds for the Sublandlord's termination and cancellation of this Sublease.

21.8. Burma (Myanmar) Business Prohibition. Subtenant is not the government of Burma (Myanmar), a person or business entity organized under the laws of Burma (Myanmar) or a "prohibited person or entity" as defined in Section 12J.2(G) of the San Francisco Administrative Code. Sublandlord reserves the right to terminate this Sublease for default if Subtenant violates the terms of this clause. Chapter 12J of the San Francisco Administrative Code is hereby incorporated by reference as though fully set forth herein. The failure of Subtenant to comply with any of its requirements shall be deemed a material breach of this Sublease. In the event Subtenant fails to comply in good faith with any of the provisions of Chapter 12J of the San Francisco Administrative Code, Subtenant shall be liable for liquidated damages for each violation in an amount equal to Subtenant's net profit under this Sublease, or 10% of the total amount of the Sublease, or \$1,000, whichever is greatest. Subtenant acknowledges and agrees the liquidated damages assessed shall be payable to the Sublandlord upon demand and may be setoff against any moneys due to the Subtenant from this Sublease.

21.9. Prevailing Wages for Construction Work. Subtenant agrees that to the extent any person performing labor in the construction of the Alterations required under Section 7 [Alterations] is paid wages for such labor, such person shall be paid not less than the highest prevailing rate of wages and that Subtenant shall include, in any contract for construction of such improvements, a requirement that all persons performing labor under such contract shall be paid not less than the highest prevailing rate of wages for the labor so performed. Subtenant further agrees that, as to the construction of such improvements under this Sublease, Subtenant shall comply with all the provisions of subsection (b) of San Francisco Charter Section A7.204 and Sections 6.33 through 6.45 of the San Francisco Administrative Code that relate to payment of

prevailing wages. Subtenant shall require any contractor to provide, and shall deliver to Sublandlord every two weeks during any construction period, certified payroll reports with respect to all persons performing labor in the construction of any of the required alterations.

21.10. Prohibition of Tobacco Advertising. Subtenant acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority or the City, including the Premises and the Property. This prohibition includes the placement of the name of a company producing selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

21.11. Employment. Pursuant to the Workforce Hiring Agreement attached hereto as Exhibit J, the Subtenant will use best faith efforts to employ individuals referred by the Treasure Island Homeless Development Initiative's Job Broker Program.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

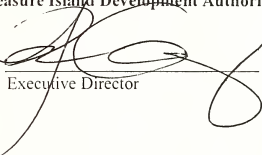
California Engineering Contractors, Inc.
a California corporation

By:  2/14/00

Its: President

SUBLANDLORD:

Treasure Island Development Authority

By: 

Its: Executive Director

Approved as to Form:


Deputy City Attorney

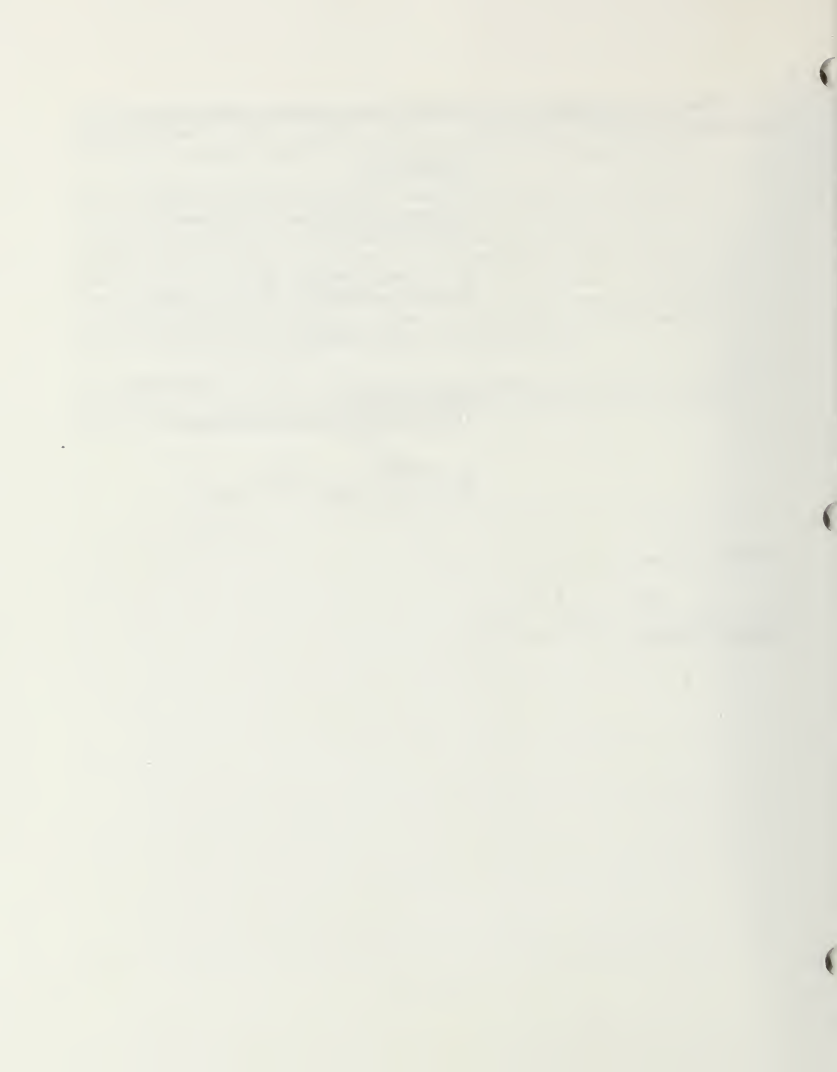


EXHIBIT B

DIAGRAM OF PREMISES

EXHIBIT B DIAGRAM OF PREMISES

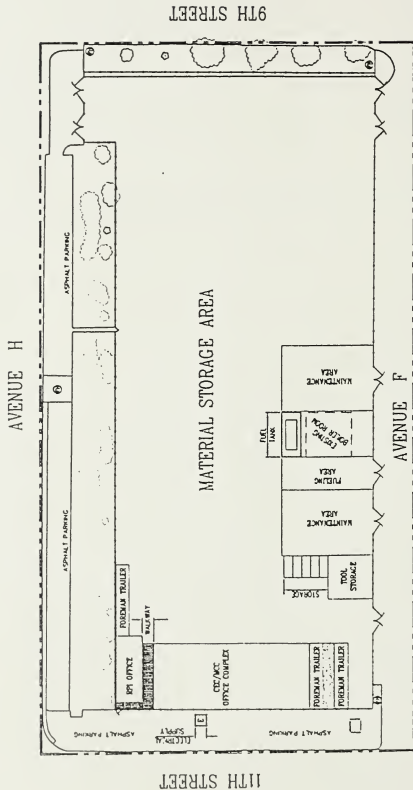


EXHIBIT B-1

Description of Additional Premises

EXHIBIT B-1
22,960 square feet

AVENUE F

257

AVENUE E

11TH STREET

9TH STREET

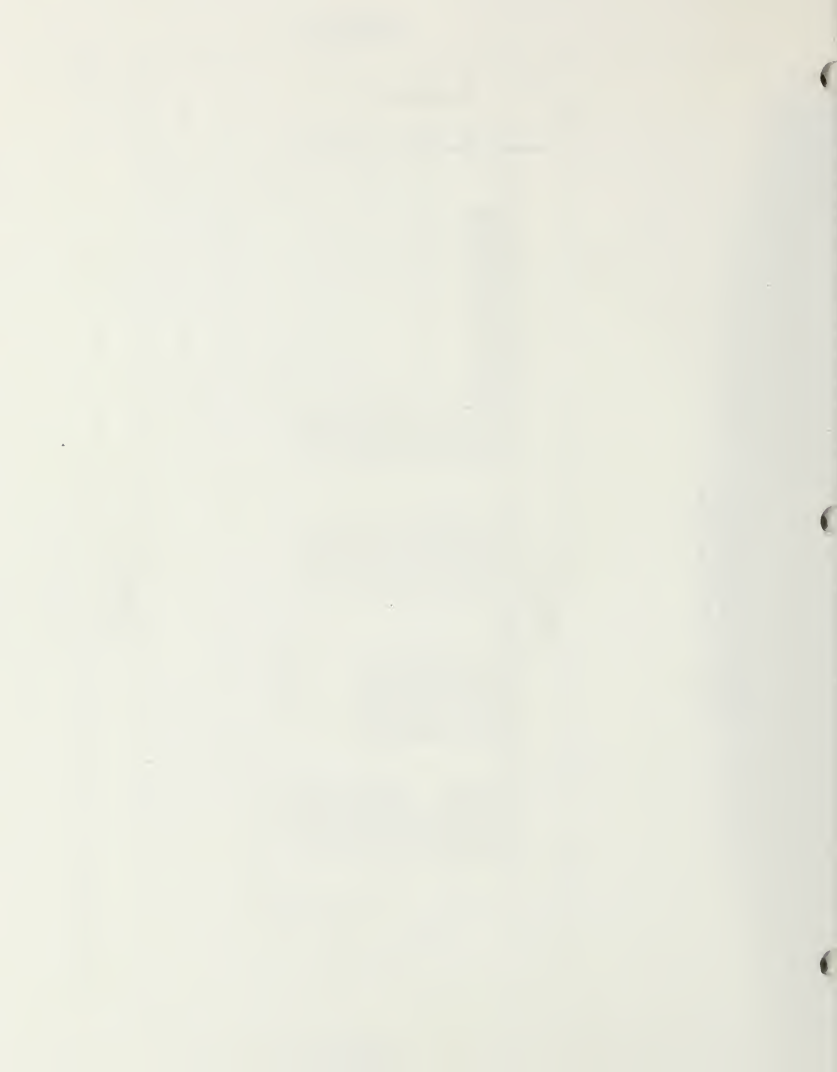


EXHIBIT C

COVER PAGE OF THE SEISMIC REPORT

TREASURE ISLAND REUSE PLAN

EXISTING CONDITIONS REPORT: VOL. 2

PHYSICAL CHARACTERISTICS,
BUILDING AND INFRASTRUCTURE CONDITIONS

AUGUST 1995

PREPARED FOR:

The Office Of Military Base Conversion,
Planning Department, City & County of San Francisco,
and the San Francisco Redevelopment Agency

PREPARED BY:

ROMA Design Group
Cerbato & Associates Consulting Electrical Engineers
Cervantes Design Associates
Don Todd Associates, Inc.
Manna Consultants, Inc.
Moffatt & Nichol Engineers
Olivia Chen Consultants, Inc.
Takahashi Consulting Engineers
Treadwell & Rollo, Inc.

EXHIBIT D

MANAGEMENT PLAN

Exhibit D Proposed Management Plan

This management plan is for California Engineering Contractor's operation of a lay down yard on Treasure Island. The management plan is intended to address operational issues associated with the lay down yard, including the intended use of the site, hours of operation, site design and layout, and general responsibilities of the subtenant with regard to operations at Treasure Island.

Proposed Uses

Proposed uses at the site are limited to the following:

- ♦ *Temporary Office Complex:* The office complex will be comprised of several modular trailers coupled together. The complex will serve as the on-site location for various office related functions associated with the retrofit project and would serve as the work location for approximately 30 employees.
- ♦ *Delivery and Storage of Materials:* The site will serve as the delivery and storage location for fabricated steel and paint used in the retrofit project.
- ♦ *Crew Assembly:* The site would serve as central location for work crews to assemble before being dispatched to the job site on the Bridge.
- ♦ *Equipment Maintenance and Storage:* The site will be used to store vehicles and equipment associated with the project, including bucket trucks, cranes, boom trucks, forklifts, crew trucks and compressors. In addition, the site may be used for general maintenance and repairs on the vehicles and equipment.
- ♦ *On-Site Refueling:* The existing fuel storage tank on the site will be used to store diesel fuel and to refuel vehicles and equipment.

Hours of Operation

For on site functions, including the office complex, the yard operations, and the delivery of materials (fabricated steel), the hours of operation will generally occur during the daylight hours ranging from 6am to 7pm. Crew assembly for work on the Bridge will generally occur at two times - once in the evening at around 9pm and again in the morning at around 5am. Material deviations from these hours of operation will require the prior written consent of the Authority's Executive Director.

Traffic and Road Maintenance

Traffic to and from the site, including the delivery of steel and the disbursement of the steel and the work crews to the job site will be along a prescribed path of travel as outlined in the sublease. There are approximately 450 loads of steel which will be delivered to the site over the three year term of the sublease, and the distribution of that product to the work site will require approximately 1,550 loads or about ten trips per week.

In the event that the delivery of steel or the redistribution of steel to the job site results in damages to the road network on Treasure Island and/or Yerba Buena Island, including tracking of dirt and debris from the lay down yard onto surrounding streets, California Engineering Contractors will be responsible for repairs and street cleaning required by their activities.

Site Design and Layout

The lay down area will be utilized in the manner set forth in the site plans attached to the sublease with the following additional conditions:

- ♦ *Fencing and Screening:* CEC will screen the site from surrounding areas to reduce negative visual impacts. This includes the siting of the office complex on the northern end of the site, the use of a landscaped berm on the eastern edge of the site, and the erection of an 8' fence with screening, which includes slats integrated with the fencing material.
- ♦ *Lighting:* Although certain activities may be preformed in the evenings, most of the activity at the site is expected to occur during daylight hours. To the extent they are needed to support the operation, lighting may installed at the lay down yard, including on the proposed office complex. These lights must be contained within the site and light standards may not be taller than the proposed office complex. The lights must be directed into the site, thereby minimizing the effect of the lighting on adjacent areas.
- ♦ *Material Storage:* The storage of materials shall be conducted in such a way as to minimize the visual effects on surrounding areas. While some of the equipment is expected to be visible from outside the yard, the materials delivered to the site must be stored in such a manner as to not exceed the 8' height of the fence (referenced above). In addition, materials may be stored on the eastern and southern edges of the site, however no materials may be stored in the areas immediately adjacent to the office complex.

EXHIBIT E

ROUTE FOR TRAFFIC TO AND FROM PREMISES

Required Path of Travel to Site

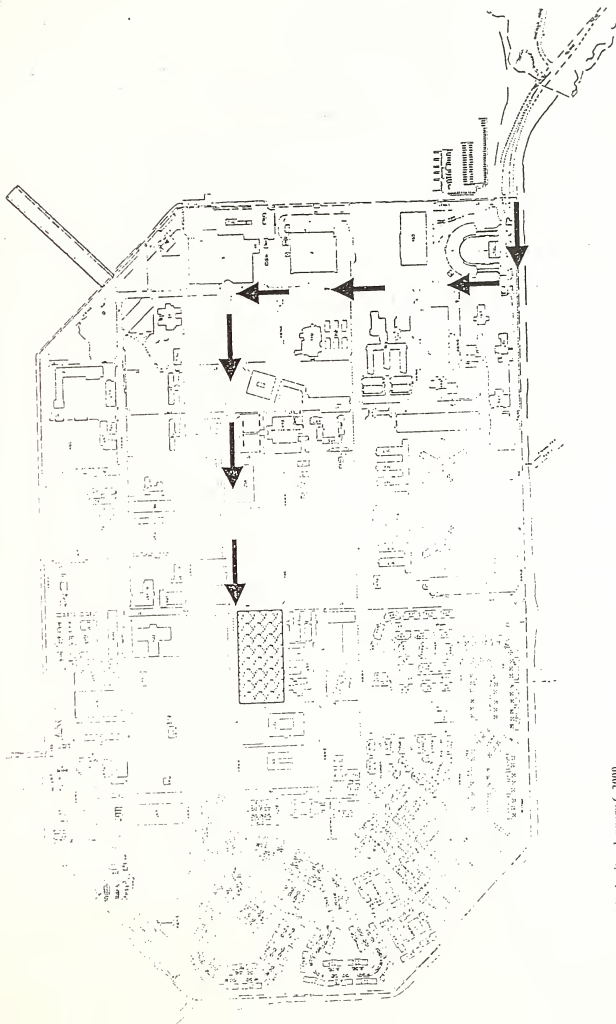


EXHIBIT F

RULES AND REGULATIONS

EXHIBIT F

RULES AND REGULATIONS

1. All rules and regulations set out in the Master Lease and First Amendment shall prevail.
2. No signs, advertisements or notices shall be attached to, or placed on, the exterior or interior of the Building or elsewhere on the Islands, without prior written approval of Sublandlord. Such signs must be removed within 24 hours of vacancy, or the termination of the approved event or activity, or at the request of Sublandlord.
3. Sublandlord shall have the right to prohibit Subtenant's use of the Building name or photo in its advertisement.
4. All persons entering or exiting the Premises, or Building may be required to present the appropriate pass and sign in and out.
5. Temporary notices are not to be taped, thumbtacked, nailed or glued to doors or walls.
6. Subtenant's contractor, while on the Premises or Subtenant's parking area, shall be subject to these Rules and Regulations, and will also be subject to direction from Sublandlord and its agents, but will not be an agent or contractor of the Sublandlord or its agents. Subtenant's contractor shall be licensed by the State, insured and bonded at the amount requested by the Sublandlord.
7. If the demised Premises or any part of the Building becomes infested with pests as a result of the use or neglect on the part of the Subtenant, the Subtenant shall be solely responsible for the immediate extermination costs.
8. If, as a result of any governmental rule or regulation or law, Sublandlord imposes a curtailment of services or a reduction of energy usage, the Subtenant shall comply and shall be liable for any surcharges imposed upon Sublandlord for non-compliance.
9. Subtenant shall install and maintain those in existence at Building turn over, at Subtenant's expense, fire extinguishers, per local governmental regulations or law.
10. Subtenant shall install and maintain at Subtenant's expense, any life safety equipment required by governmental rules, regulations, or laws to be kept on the Premises.
11. Subtenant and Subtenant's agents and employees shall park only in those areas designated by Sublandlord to be within the lines in Exhibit B, Drawing of Premises.
12. Subtenant is subject to fine for each parking violation by Subtenant, Subtenant's employees, agents, invitees, or licensees.
13. Subtenant will provide information about and encourage all employees to maximize usage of transit, carpool, and ferry services available.
14. Subtenant will attempt to schedule deliveries and other major vehicular activities so as to avoid hours of maximum Bay Bridge traffic congestion.
15. Subtenant will consider flexibility in working hours, tele-commuting options and other programs to reduce island and Bay Bridge traffic congestion.
16. Subtenants will provide Sublandlord with a list of vehicular and trip reduction efforts it will undertake, prior to building occupancy.
17. Special Events expected to attract more than 110% the average number of employees, clients, subtenants, contractors, agents, or visitors must be pre-authorized 72 hours in advance by Sublandlord. Additional parking fees, shuttle or ferry service

requirements and other traffic congestion mitigation measures may be imposed in order to address anticipated traffic demands.

18. No canvassing or soliciting shall be allowed on the Premises or in the Building.
19. Subtenant shall not use the Building for lodging, sleeping or conduct any mechanical or manufacturing operations, without prior written approval of Sublandlord.
20. Subtenant shall not conduct, in or about the Building or on the Premises, any auction, public or private sale without the prior written approval of Sublandlord.
21. Subtenant will accept current keys, key cabinet and locks in the Building and shall not have any such keys copied. Subtenant will not install additional locks or change the keying system without prior written approval of Sublandlord. Subtenant, upon termination of the Lease shall deliver to Sublandlord all keys to doors in the Building, specifically labeled with a Master Key listing.
22. Subtenant shall provide adequate security of all Premises and Buildings under this Lease.
23. Subtenant shall report all theft of property or other crime to the Police and Sublandlord. Subtenant shall report all slip and fall accidents or other potential liability claims to Sublandlord.
24. Subtenant shall not make or permit to be made any unseemly or disturbing noises, sounds or vibrations or disturb or interfere with occupants of the neighboring buildings or premises, in any way.
25. Subtenant shall not install any antenna or other device on the roof or exterior of the Building without Sublandlord's prior written approval.
26. No storage of materials of any kind shall be allowed outside the Building.
27. Sublandlord may designate time and manner the Subtenant will move freight, furniture and supplies in and out of Building.
28. Subtenant will not place equipment of unusual size and weight on the Premises.
29. Subtenant will not install window coverings on the interior or exterior of Building without the prior written approval of Sublandlord.
30. Animals will not be kept on the Premises.
31. For any event with over 500 persons, applicant must recycle any newspaper, glass or aluminum items generated. For smaller events, applicants are strongly encouraged to and should make every effort to recycle.
32. The sale and use of mylar balloons on Treasure Island is prohibited. All other balloons are permitted, but must be removed following the event from both the event area and any other area of the island to which they have drifted. The release of balloons is absolutely prohibited.
33. Applicants are advised the City prohibits the use of food packaging items which contain chlorofluorocarbons, such as styrofoam on all premises.
34. All tents should be certified to withstand 70 mph winds and installed according to manufacturers instructions. All tents and heating devices must comply with fire and life safety regulations and be inspected and approved by the San Francisco Fire Department Inspector.

EXHIBIT G
PERMITTED ALTERATIONS

- Fencing
- Lighting
- Base Rock
- Concrete Slabs
- Storage Buildings
- Office Buildings
- Utilities

EXHIBIT "G"

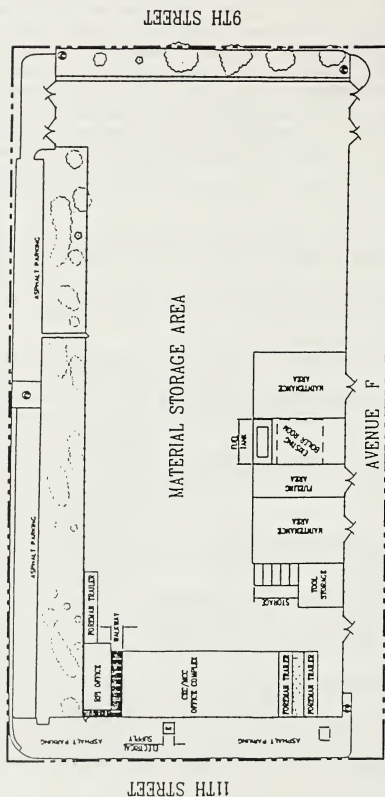


EXHIBIT H

STANDARD UTILITIES AND SERVICES AND RATES

Utilities

1) The sub-lessee agrees to allow the utility suppliers reasonable access to the premises for such operation, maintenance, repair and replacement of these utilities systems as may be required. In executing operation, maintenance, repair or replacement of these systems, all reasonable steps will be taken to limit interference with the use of the Premises by the sub-lessee.

2) Terms and conditions will include the following:

a) Sewage discharge by the sub-lessee to the Navy owned sewer system must meet all requirements of any applicable waste water discharge permit or contact issued by or between the sub-landlord and Bay Area Water Quality Management Board for discharge of sewage from the island.

b) Storm water discharged from the Premises must meet the requirements of permits issued to the sub-landlord in accordance with the National Pollution Discharge Elimination System (NPDES) for discharge of storm water from the Station. In addition, the sub-lessee agrees to participate in any storm water quality management program required by applicable local, State, or Federal regulations.

3) The sub-lessee may, with pre-approval by sub-landlord and at its own cost, replace, remove, or relocate utility system on the Premises in order to use the Premises, so long as there is no unreasonable interference with use by the sub-landlord of the utility systems and provided the sub-landlord has approved the replacement, removal or relocation in advance. Approval shall not be unreasonably denied or delayed.

The sub-lessee and the sub-landlord hereby agree to the following with respect to Navy-owned utility systems and to sub-landlord-provided utility services:

General

All utility services delivered at the Premises shall be obtained from the sub-landlord in accordance with provisions of Cooperative Agreement N624749720003. The sub-lessee agrees to conform to conditions of service which may be laid out by sub-landlord in addition to the general requirements below. Service from sub-landlord can be obtained by contacting:

San Francisco Public Utilities Commission
410 Avenue of the Palms, Building 1
Treasure Island
San Francisco, CA 94130

Attn: Chuck Swanson, Project Manager
Treasure Island Public Utilities Commission
(415) 274-0333

Metering

Electric, natural gas and water service will be authorized by the sub-landlord only after installation as required by the Public Utilities Commission (PUC) of meters which fully and exclusively measure consumption on the Premises. Prior to commencement of service the sub-lessee will insure that any additional metering which may be required has been installed by the PUC with written sub-landlord authorization. Unless otherwise stipulated by the PUC, the volume of sewer discharge from the Premises will be assumed to equal water consumption as metered by applicable meters.

Commencement of Service

Service will commence after the sub-lessee has established an account with the PUC and has made any advance service deposit which the PUC may require.

Rates

Until further notice by the sub-landlord, the following rates are in effect:

Utility	Unit	Charge Per Unit
Electricity	MWH (million-watt-hour)	\$142.75
Natural gas	MCF (1000 cubic feet)	\$ 6.00
Water	KGAL (thousand gallons)	\$ 5.40
Sewer	KGAL	\$ 5.75

Billing and Payment

Monthly bills for utilities services will be issued by the PUC to the sub-lessee as agreed upon between the sub-lessee and the PUC. Payment to the PUC is due within 10 working days of receipt of the bill. Payment for utility service must be made directly to the PUC.

Failure by Sub-Lessees to Make Payment

Any sub-lessee obligated to make payment for utility services directly to the PUC will be considered in arrears if payment of any bill is not received within 30 working days of presentation to the sub-lessee by the PUC.

EXHIBIT I

APPROVED HAZARDOUS MATERIALS

EXHIBIT I

APPROVED HAZARDOUS MATERIALS

LIST OF HAZARDOUS MATERIALS

DIESEL FUEL

GASOLINE

MOTOR OIL

ANTI-FREEZE

TRANSMISSION

HYDRAULIC FLUID

AIR TOOL LUBRICANT

MULTI-PURPOSE GREASE

DEGREASER

BATTERY ACIDD FLUID

LACQUER THINNER

METHYL ETHYL KETONE

MINERAL SPIRITS

XYLENE

INORGANIC ZINC PRIMER

PHENOLIC INTERMEDIATE COATING

ACRYLIC FINISH COATING

MARKING PAINT

ACETYLENE

OXYGEN

PROPANE

WELDING RODS

EXHIBIT J

WORKFORCE HIRING AGREEMENT

SECOND AMENDMENT TO

SUBLEASE

between

THE TREASURE ISLAND DEVELOPMENT AUTHORITY

as Sublandlord

and

CALIFORNIA ENGINEERING CONTRACTORS, INC.

as Subtenant

For the Sublease of

**One Square Block Area Consisting of Approximately Three Acres of Unimproved Land
Bounded by Avenue F, Avenue H, 11th Street and 9th Street
On Naval Station Treasure Island
San Francisco, California**

September ____, 2001

THE UNIVERSITY OF CHICAGO
DIVISION OF THE PHYSICAL SCIENCES
DEPARTMENT OF CHEMISTRY
530 CHICAGO HALL
CHICAGO, ILLINOIS 60637
U.S.A.
TEL: 773-835-3500
FAX: 773-835-3501
WWW: WWW.CHEM.UCHICAGO.EDU

**SECOND AMENDMENT TO
TREASURE ISLAND SUBLEASE**

THIS SECOND AMENDMENT TO SUBLEASE (the "Amendment"), dated as of September ____, 2001, is entered into by and between the Treasure Island Development Authority ("Sublandlord") and California Engineering Contractors, Inc., a California corporation ("Subtenant"). From time to time, Sublandlord and Subtenant together shall be referred to herein as the "Parties".

This Amendment is made with reference to the following facts and circumstances:

- A. On or about February 1, 2000, Sublandlord and Subtenant entered into that certain sublease agreement (hereafter, the "Sublease") for the sublease of one square block area consisting of approximately three acres of unimproved land bounded by Avenue F, Avenue H, 11th Street and 9th Street on Naval Station Treasure Island, all as shown on Exhibit B of the Sublease.
- B. On or about November 1, 2000, the Parties amended the Sublease to add certain lands consisting of approximately 22,960 square feet to the subleased Premises, all as shown on Exhibit B-1 of the Sublease, in exchange for a \$3,444 per month increase in the monthly base rent under the Sublease.
- C. The Parties wish to amend the Sublease to add certain lands to the sublease premises consisting of approximately 71,400 square feet in exchange for \$10,710 per month increase in the monthly base rent under the Sublease.

NOW THEREFORE, Sublandlord and Subtenant agree to amend the Sublease as follows:

1. Exhibit B of the Sublease is hereby amended by adding Exhibit B-2 attached hereto to the description of the Premises contained therein.
2. The first sentence to paragraph 4.1 of the Sublease is hereby amended to read as follows:

"4.1 Base Rent. Beginning on September ____, 2001 and continuing throughout the remainder of the Term, Subtenant shall pay to Sublandlord Thirty-Six Thousand One Hundred Fifty Four and 00/100 Dollars (\$36,154) per month (the "Base Rent")."
3. The first sentence to paragraph 18.2 of the Sublease is hereby amended to read as follows:

"18.2 Security Deposit. Subtenant shall pay to Sublandlord upon execution of this Sublease a security deposit in the amount of Sixty-Six Thousand Dollars (\$66,000) as security for the faithful performance of all terms, covenants and conditions of this Sublease."

THEORY

The first part of the theory is the definition of the system. The system is defined as a set of elements that are connected by relationships. The elements are represented by nodes and the relationships by edges. The system is then analyzed by looking at the properties of the nodes and edges.

The second part of the theory is the definition of the system's behavior. The behavior is defined as the way the system changes over time. The behavior is then analyzed by looking at the properties of the system's state space.

The third part of the theory is the definition of the system's control. The control is defined as the way the system is manipulated. The control is then analyzed by looking at the properties of the system's control space.

The fourth part of the theory is the definition of the system's optimization. The optimization is defined as the way the system is improved. The optimization is then analyzed by looking at the properties of the system's optimization space.

The fifth part of the theory is the definition of the system's simulation. The simulation is defined as the way the system is modeled. The simulation is then analyzed by looking at the properties of the system's simulation space.

4. Except as expressly modified herein, all other terms, conditions, and covenants of the Sublease shall remain in full force and effect.

Sublandlord and Subtenant have executed this Sublease in triplicate as of the date first written above.

SUBTENANT:

California Engineering Contractors, Inc.,
a California corporation

By: _____
Its: _____

SUBLANDLORD:

The Treasure Island Development Authority

By: _____
Its: Executive Director

Approved as to Form:

Deputy City Attorney

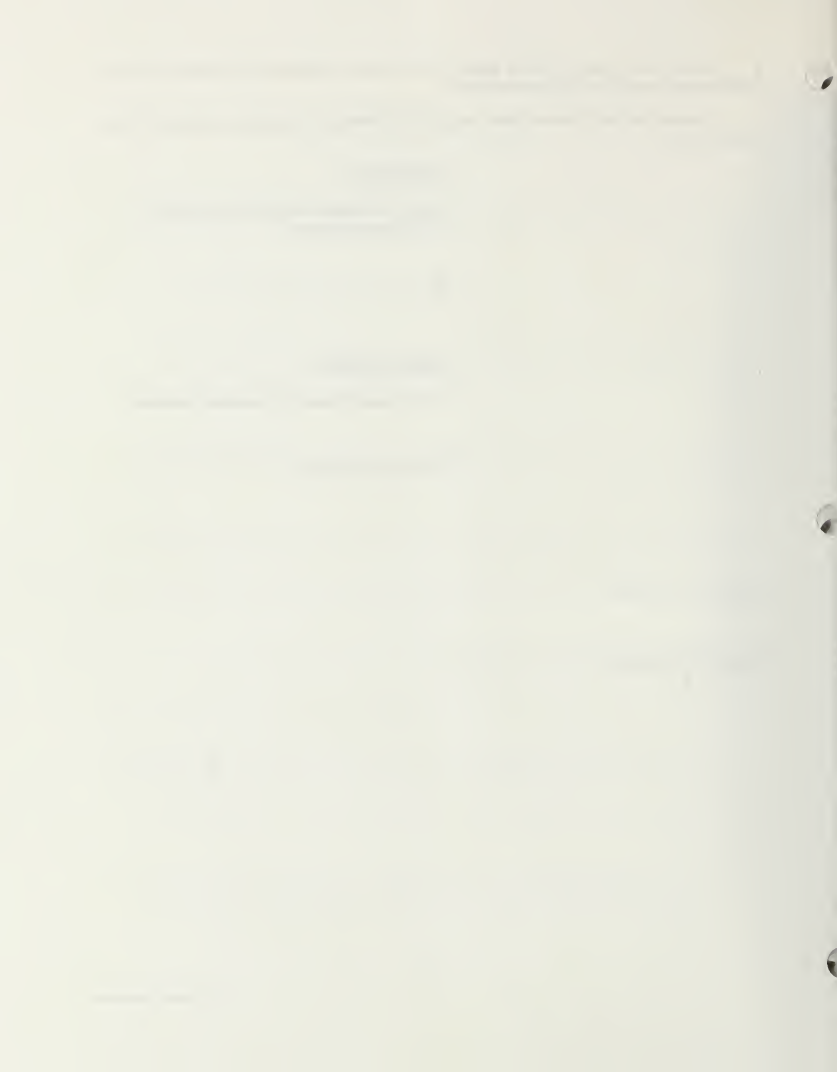


EXHIBIT B-2

Description of Additional Premises

Folio

DISTRICT: 04
COUNTY: SAN FRANCISCO
ROUTE: 80
BRIDGE NO: 34-0003
POST MILE: 5.5 / 7.8



california
engineering
contractors inc.

20 Happy Valley Road, Pleasanton CA, 94566

(925) 461-1500 * Fax: (925) 461-0510



MODERN
CONTINENTAL

04-0435U4

sed From Navy

E ISLAND

DRAWN Anna S. SCALE not to scale

REV. NO. 0 JOB NO. N/A

DATE 08/31/01

REV. NO. N/A





Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution authorizing the second extension of a Use Permit for an additional six months with California Engineering Contractors/Modern Continental for use of Pier 1.

Agenda No: 8

Contact Person/Phone: Marianne Conarroe
(415) 274-0660

Meeting Date: 09/12//2001

SUMMARY OF PROPOSED ACTION:

Staff seeks the authorization for the extension of a six-month Use Permit with California Engineering Contractors/Modern Continental for use of Pier 1.

BACKGROUND:

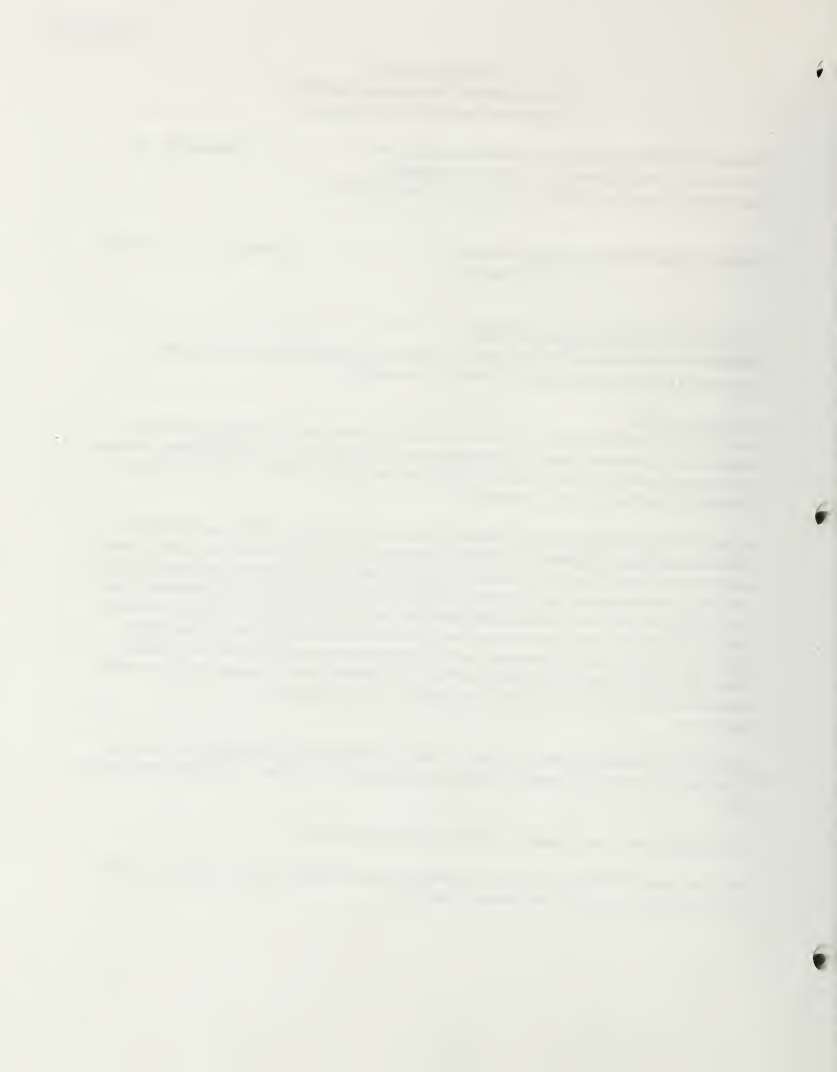
Last April, the Authority approved the first extension of a six-month Use Permit to California Engineering Contractors/Modern Continental to use a portion of Pier 1 for transporting workers to and from the western span of the San Francisco/Oakland Bay Bridge. This is the second extension for the use of Pier 1. (Exhibit A).

As part of the retrofit project on the western span of the Bay Bridge, California Engineering Contractors/Modern Continental (CEC/MC) expressed the need to use Pier 1 in order to transport a work crew of approximately 20 people, in a timely fashion. Past practice had been driving the crew from Treasure Island, across the Bay Bridge to Pier 50 on the City's southern waterfront. Using a tug boat, the crew was then transported half way across the Bay to the lower western span of the bridge for work being done close to the water on the anchors and pilings of the bridge. CEC/MC offices and construction lay-down space is currently located on Treasure Island. By initiating water transport from Pier 1 on Treasure Island's southeastern shore rather than Pier 50, CEC/MC saves a significant amount of time in reaching its construction destination.

California Engineering Contractors/Modern Continental pays the Authority \$6,000.00 for the six-month term of the Use Permit, whether they use the portion of Pier 1 on a daily or occasional basis.

All parking of the crew vehicles are off the Pier in an adjacent lot.

Since the areas CEC/MC uses does not impact any other activity on Pier 1, staff recommends that the Authority authorize the six month extension.



1 [California Engineering Contractors/Modern Continental Use Permit]

2 AUTHORIZING THE EXTENSION OF A SIX-MONTH USE PERMIT WITH
3 CALIFORNIA ENGINEERING CONTRACTORS/MODERN CONTINENTAL.

4 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed
5 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to
6 establish a nonprofit public benefit corporation known as the Treasure Island
7 Development Authority (the "Authority") to act as a single entity focused on the
8 planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of
9 former Naval Station Treasure Island (the "Base") for the public interest, convenience,
10 welfare and common benefit of the inhabitants of the City and County of San
11 Francisco; and,

12
13 WHEREAS, Under the Treasure Island Conversion Act of 1997, (the "Act"), the
14 California legislature (i) designated the Authority as a redevelopment agency under
15 California redevelopment law with authority over the Base upon approval of the City's
16 Board of Supervisors, and, (ii) with respect to those portions of the Base which are
17 subject to the Tidelands Trust, vested in the Authority the authority to administer the
18 public trust for commerce, navigation and fisheries as to such property; and,

19 WHEREAS, the Authority and Permittee entered into a six-month Use Permit
20 dated September 29, 2000 (the "Permit") pursuant to which the Authority conferred to
21 Permittee, a personal, non-exclusive and non-possessory privilege to enter upon and
22 use an area (the "Licensed Area") consisting of approximately 500 square feet of
23 space along the edge of Pier 1, and approximately 500 square feet of space adjacent
24 to the Pier for the sole purpose of parking vehicles off of the Pier; and
25

1 WHEREAS, the Authority approved the first extension of the Use Permit for an
2 additional six months in April 2001; and

3 WHEREAS, The Authority has received an expressed interest from California
4 Engineering Contractors/Modern Continental ("the Permittee") to extend the Use
5 Permit to use the southern inside portion of Pier 1 on Treasure Island for the purpose
6 as a landing site for water transport of bridge crew to its construction destination on
7 the anchors and pilings, and for possible loading and unloading of equipment related
8 to the retrofit construction of the western span of the San Francisco Bay Bridge; and,
9

10 WHEREAS, the Authority is willing to extend the term of the Permit to not
11 exceed six months with out prior approval of the Board of Directors; now therefore,
12 be it

13 RESOLVED, That the Board of Directors hereby authorizes the Executive
14 Director to extend the term of the Permit for an additional six months in the
15 substantially the form attached as Exhibit A.
16

17
18 **CERTIFICATE OF SECRETARY**

19 I hereby certify that I am the duly elected and acting Secretary of the Treasure
20 Island Development Authority, a California nonprofit public benefit corporation,
21 and that the above Resolution was duly adopted and approved by the Board of
22 Directors at a properly noticed meeting on September 12, 2001.
23

24
25 _____
John Elberling, Secretary

THE UNIVERSITY OF CHICAGO

THE DIVISION OF THE PHYSICAL SCIENCES

DEPARTMENT OF CHEMISTRY

1155 EAST 58TH STREET, CHICAGO, ILL. 60637

TEL: 773-936-5000 FAX: 773-936-5001

WWW.CHEM.UCHICAGO.EDU

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EXHIBIT A

USE PERMIT

THIS USE PERMIT (this "Permit") dated for reference purposes only as of September 4, 2001, is made by and between the **TREASURE ISLAND DEVELOPMENT AUTHORITY** ("Authority") and **CALIFORNIA ENGINEERING CONTRACTORS, INC.** (Permittee").

RECITALS

WHEREAS, pursuant to that certain Lease for the South Waterfront Area, Naval Station Treasure Island, dated September 4, 1998, as amended (the "Master Lease"), by and between the Authority and the Department of Navy (the "Navy"), a copy of which is attached hereto as Exhibit A, the Authority has the right to use those portions of Pier 1, located on Naval Station Treasure Island hereto (the "Premises"); and

WHEREAS, Permittee seeks to use portions of Pier 1 of the Premises for the purposes stated herein, subject to the terms and conditions of this Permit.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Authority and Permittee agree as follows:

1. **License.** Authority confers to Permittee a, personal, non-exclusive and non-possessory privilege to enter upon and use Pier 1 as depicted in Exhibit B, attached (hereafter referred to as, the "License Area"), for the limited purpose and subject to the terms, conditions and restrictions set forth below. The privilege given to Permittee under this Permit is effective only insofar as the rights of Authority in the License Area are concerned, and Permittee shall obtain any further permission necessary because of any other existing rights affecting the License Area, or any portion thereof.

In recognition of the non-exclusive nature of this Permit, Permittee acknowledges and agrees that if Authority needs access to the License Area for a specific purpose or otherwise, Permittee shall temporarily relocate at no cost to the Authority any vessel berthed at, in, or around the License Area to accommodate such use by the Authority upon 24 hours advance notice. Permittee further agrees that in the event of any emergency, Authority and its agents and employees shall be authorized to move any vessel berthed at the License Area, without liability to Authority or its agents or employees for damages or loss of any kind, except for any damage or loss occurring as a result of the willful misconduct of Authority or its agents or employees.

2. **Inspection of License Area.** Permittee represents and warrants that Permittee has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Permittee's Agents") of the License Area and the suitability of the License Area for Permittee's intended use. Permittee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the License Area is suitable for its operations and intended uses.

5. **Use of License Area.** Permittee may enter and use Pier 1 for the sole purpose of accessing a water taxi ferry landing for employees of Permittee. Upon providing the Authority 24 hour prior written notice, Permittee may use the Licensed area for the purpose of loading and unloading equipment. Additional provisions for Permitted Uses is further defined in Exhibit D, Permitted Uses. No sale or consumption of alcoholic beverages shall be permitted.

(a) **Maintenance and Repairs.** Permittee shall at all times during the term of this Permit and at its sole cost and expense, maintain and repair in good and working order, condition and repair the License Area. Authority shall not be obligated to make any repairs, replacement or renewals of any kind, nature or description whatsoever to the License Area nor to any improvements or alterations now or hereafter located thereon. In the event the Permittee, its Agents or Invitees cause any damage (excepting ordinary wear and tear) to the License Area, Authority may repair the same at Permittee's expense and Permittee shall immediately reimburse Authority therefor.

(b) **Liens.** Permittee shall keep the License Area free from any liens arising out of any work performed, materials furnished or obligations incurred by Permittee or its Agents. In the event that Permittee shall not, within twenty (20) days following the imposition of any such lien, cause the same to be released of record, Authority shall have, in addition to all other remedies provided by this Permit or by Law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including without limitation, payment of the claim giving rise to such lien. All sums paid by Authority for such purpose and all reasonable expenses incurred by Authority in connection therewith shall be payable to Authority by Permittee within thirty (30) days following written demand by Authority.

6. **Restrictions on Use.** Permittee agrees that, by way of example only and without limitation, the following uses of the License Area by Permittee, or any other person claiming by or through Permittee, are inconsistent with the limited purpose of this Permit and are strictly prohibited as provided below:

(a) **Hazardous Material.** Permittee shall not cause, nor shall Permittee allow any of its Agents or Invitees (as such terms are defined below) to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated or disposed of in, on or about the License Area, or transported to or from the License Area without the prior written consent of Authority. Permittee shall immediately notify Authority when Permittee learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on or about the License Area. Permittee shall further comply with all laws requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary to mitigate the release or minimize the spread of contamination. In the event that Permittee or its Agents or Invitees cause a release of Hazardous Material, Permittee shall, without cost to Authority and in accordance with all laws and regulations, return the License Area to the condition immediately prior to the release. In connection therewith, Permittee shall afford Authority a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material. For purposes hereof, "Hazardous Material" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes,

without limitation, any material or substance defined as a "hazardous substance, pollutant or contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 et seq., or pursuant to Section 25316 of the California Health & Safety Code; a "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the License Area or are naturally occurring substances in the License Area, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term "release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about the License Area.

(b) Nuisances Permittee shall not conduct any activities on or about the License Area that constitute waste, nuisance or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises or lights) to Authority, to the owners or occupants of neighboring property or to the public.

(c) Damage Permittee shall not do anything about the License Area that could cause damage to the License Area or any Authority property. Authority hereby acknowledges that construction of the Permitted Improvements (as defined below) shall not constitute "damage" to the License Area under this Section 6(c).

(d) Parking Parking of any vehicles on Pier 1 is prohibited except for the sole purpose of loading and unloading of passengers and equipment. Parking of vehicles shall not exceed more than 25 (Twenty Five) vehicles and is available off of the Pier next to the entrance gate. To the extent practicable, Permittee shall use its best efforts to encourage ride-sharing, the use of shuttle busses or other pooled-means of transportation to and from the License Area.

(e) Utilities and Services.

(i) Utilities Permittee shall pay all charges for the use of said electricity and water and sewer hook ups and services.

(ii) Services Permittee shall make arrangements and shall pay all charges for all services to be furnished on, in or to the License Area or to be used by Permittee, including without limitation, garbage and trash collection, janitorial service and extermination service (if any)

7. Alterations and Improvements Except as otherwise expressly provided herein, Permittee shall not construct or place any temporary or permanent structures or improvements, on, under or about the License Area, nor shall Permittee make any alterations or additions to any of existing structures or improvements on the License Area, unless Permittee first obtains Authority's prior written consent, which Authority may give or withhold in its sole and absolute discretion

(a) All alterations and improvements shall be constructed in a good and workmanlike manner and in compliance with all applicable building, zoning and other applicable laws, and in compliance with the terms of and the conditions imposed

by any authorization, approval or permit by any governmental agency having jurisdiction over the License Area, including but not limited to the Bay Conservation and Development Commission ("BCDC").

- (b) All alterations and improvements shall be performed with reasonable dispatch, delays beyond the reasonable control of Permittee excepted.
- (c) All alterations or improvements to the License Area made by or on behalf of Permittee which may not be removed without substantial injury to the License Area shall become part of the realty, shall be owned by the Authority and shall, on the termination of this Permit, remain on the License Area without compensation to Permittee, unless the Authority first waives its right to the alterations or improvements in writing. All other alterations or improvements to the License Area shall be the property of Permittee.
- (d) Except as otherwise stated above, Permittee shall be obligated at its own expense to remove and relocate or demolish and remove (as Permittee may choose) any or all alterations or improvements which Permittee has made to the License Area, including without limitation all telephone wiring and equipment installed by Permittee. Permittee shall repair, at its own expense, in good workmanlike fashion any damage occasioned thereby.
- (e) If Permittee constructs any alterations or improvements to the License Area without Authority's prior written consent or without complying with subsections 7(a) and 7(b) above, then, in addition to any other remedy available to the Authority, Authority may require Permittee to remove, at Permittee's expense, any or all such alterations or improvements and to repair, at Permittee's expense and in good workmanlike fashion, any damage occasioned thereby. Permittee shall pay to Authority all special inspection fees as set forth in the San Francisco Building Code for inspection of work performed without required permits.

8. **Term of Permit** The privilege conferred to Permittee pursuant to this Permit shall begin at 6:00 a.m. on Monday, September 10, 2001 to access Pier 1 and shall automatically expire at 6:00 p.m. on, Monday, March 12, 2002 unless extended by resolution adopted by the Board of Directors of the Authority. Moreover, if the South Waterfront Lease terminates for any reason whatsoever, this Permit shall automatically terminate.

9. **Compliance with Laws** Permittee shall, at its expense, conduct and cause to be conducted all activities on the License Area allowed hereunder in a safe and reasonable manner and in compliance with all laws, regulations, ordinances and orders of any governmental or other regulatory entity (including, without limitation, the Americans with Disabilities Act) whether presently in effect or subsequently adopted and whether or not in the contemplation of the parties. Permittee shall, at its sole expense, procure and maintain in force at all times during its use of the License Area any and all business and other licenses or approvals necessary to conduct the activities allowed hereunder. Permittee understands and agrees that Authority is entering into this Permit in its capacity as a property owner with a proprietary interest in the License Area and not as a regulatory agency with police powers. Permittee further understands and agrees that no approval by Authority for purposes of this Permit shall be deemed to constitute approval of any

10. **Surrender.** Upon the expiration of this Permit, Permittee shall surrender the License Area in the same condition as received, free from hazards and clear of all debris, except as otherwise provided herein. At such time, Permittee shall remove all of its property from the License Area, and shall repair, at its cost, any damage to the License Area caused by such removal. Permittee's obligations under this Section shall survive any termination of this Permit.

12. Release and Waiver of Claims; Indemnification

(a) Without limiting any other waiver contained herein, Permittee on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Authority from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Authority's decision to allow Permittee to use the License Area, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Authority.

52. *Reproduction and Post-Larval Growth Permitted Only. Model Cont. Extension: only 0.1-26.01 days.*

(c) In executing these waivers and releases, Permittee has not relied upon any representation or statement other than as expressly set forth herein.

(d) Permittee has made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Permittee regardless of any claims of mistake.

(e) In connection with the foregoing releases, Permittee acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

12.2 Permittee acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Permittee realizes and acknowledges that it has agreed upon this Permit in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Permit.

12.3 Permittee's Indemnity. Permittee, on behalf of itself and Permittee's Agents, shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Authority from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of any building located on the License Area due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Permittee or Permittee's Agents or Permittee's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Permittee's Agents and Permittee's Invitees, howsoever or by whomsoever caused, occurring in, on or about the License Area during the term hereof (c) any default by Permittee in the observation or performance of any of the terms, covenants or conditions of this Permit to be observed or performed on Permittee's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Permittee, Permittee's Agents or Permittee's Invitees or any person or entity claiming through or under any of them, of the License Area or any Alterations; (e) the condition of the License Area, (f) any construction or other work undertaken by Permittee on or about the License Area whether before or during the Term of this Permit; or (g) any acts, omissions or negligence of Permittee, Permittee's Agents or Permittee's Invitees, or of any trespassers, in, on or about the License Area during the term hereof or any alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Permit and further except only to the extent such Losses are caused by the negligence or intentional wrongful acts and omissions of the Authority. Notwithstanding the foregoing, Permittee's obligations to indemnify the Authority under this Section 12.3 shall remain in full force and effect regardless of whether or not the Authority's decision to permit the License Area to the Permittee, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Authority. The foregoing Indemnity shall

include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's costs of investigating any Loss. Permittee specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority from any claim which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Permittee by Authority and continues at all times thereafter. Permittee's obligations under this Section shall survive the expiration or sooner termination of this Permit. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to this Section 12.3, Permittee shall have no obligation to repair, restore or reconstruct the License Area (or to pay for the same) in the event the License Area is damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

13. INSURANCE

13.1 Permittee's Insurance Permittee shall procure and maintain throughout the Term of this Permit and pay the cost thereof the following insurance:

(a) Permittee shall at all times, at its cost, also maintain insurance for the mutual benefit of Authority and Permittee against:

(i) Claims for personal injury under a policy of commercial general liability insurance with limits not less than \$10,000,000 each occurrence Combined Single Limit for Bodily Injury and property Damage, including coverages for Contractual Liability, personal Injury, Liquor Liability, Products and Completed Operations, covering, including without limitation, claims for bodily injury, property damage or employer's liability occurring in or upon the License Area arising from earthquakes or subsidence. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Authority, Permittee, the License Area or any other Authority property, in an amount not less than \$1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Permittee uses automobiles in connection with its use of the License Area. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

(iv) Protection and Indemnity insurance, with limits not less than \$1,000,000 each occurrence, including coverage for injury or damage to other parties or their property, arising from the operation of any Vessels under this Permit, and including coverage for illness, injury or death of the master or members of the crew, with any deductible not to exceed \$10,000 each occurrence

(v) Water Pollution Liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence and any deductible not to exceed \$5,000 each occurrence.

(vi) Coverage for Jones Act benefits and U.S. Longshore and Harbor Workers' Act benefits, each in form and amount acceptable to Authority.

13.2 General Requirements. All insurance provided for under this Permit shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Authority.

(a) Should any of the required insurance be provided under a claims-made form, Permittee shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of one (1) year beyond the expiration or termination of this Permit, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Permit, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Permittee as the insured and the Authority as an additional insured.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Permit, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

13.3 Proof of Insurance. Permittee shall deliver to Authority certificates of insurance in form and with insurers satisfactory to Authority, evidencing the coverage required hereunder, on or before the commencement date of this Permit, together with complete copies of the policies promptly upon Authority's request. As to the insurance required pursuant to Section 13.1(a)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Permittee's indemnity obligations under Section 12.3 above. In the event Permittee shall fail to procure such insurance, or to deliver such policies or certificates, Authority may, at its option, procure the same for the account of Permittee, and the cost thereof shall be paid to Authority within five (5) days after delivery to Permittee of bills therefor.

and 12C of the San Francisco Administrative Code, relating to nondiscrimination by parties contracting with the City and County of San Francisco, are incorporated herein by reference and made a part hereof as though fully set forth herein. Permittee agrees to comply with all of the provisions of such Chapters 12B and 12C that apply to parties contracting with the City and County of San Francisco.

18. Tropical Hardwoods and Virgin Redwood. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood wood product.

19. No Tobacco Advertising Permittee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority, including the property which is the subject of this Permit. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

20. Maritime Liens By execution of this Permit, Permittee acknowledges and agrees that pursuant to Harbors and Navigation Code Sections 491, 501, the Federal Maritime Lien Act (46 U.S.C. Sections 971-975) and by the terms of this Permit, Authority shall have a lien on any and all vessels berthed at the License Area for money which may become due under this Permit. As provided in the foregoing statutes, Authority shall have the right to take possession and control of any such vessel and remove and store the vessel for the purpose of perfecting and executing upon Authority's lien rights in the vessel.

General Provisions (a) This Permit may be amended or modified only by a writing signed by Authority and Permittee. (b) No waiver by any party of any of the provisions of this Permit shall be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in such written waiver. (c) This instrument (including the exhibit(s) hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (d) The section and other headings of this Permit are for convenience of reference only and shall be disregarded in the interpretation of this Permit. (e) Time is of the essence. (f) This Permit shall be governed by California law and City's Charter. (g) If either party commences an action against the other or a dispute arises under this Permit, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees of Authority shall be based on the fees regularly charged by private attorneys in San Francisco with comparable experience. (h) If Permittee consists of more than one person then the obligations of each person shall be joint and several. (i) Permittee may not record this Permit or any memorandum hereof. (j) Subject to the prohibition against assignments or other transfers by Permittee hereunder, this Permit shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, successors and assigns. (k) Any sale or conveyance of the property burdened by this Permit by Authority shall automatically revoke this Permit.

22. **Permit Fees; Liquidated Damages for Failure to Surrender as Required.** Immediately upon entering into this permit, Permittee shall pay to TIDA a one-time flat rate of \$6,000.00 (Six Thousand Dollars) for its access and use of Pier 1 as provided above. Payable upon execution of this Use Permit. If the term of this permit is extended by resolution of the Board of Directors of the Authority, Permittee shall pay the Authority an additional one-time flat rate equal to the number of months extended by the resolution times \$1,000.00/month. Such additional fee shall be paid upon the adoption of the resolution.

PERMITTEE:
CALIFORNIA ENGINEERING CONTRACTORS,
INC.

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

AUTHORITY:
TREASURE ISLAND DEVELOPMENT AUTHORITY

Executive Director

APPROVED AS TO FORM.

LOUISE H. RENNE
City Attorney

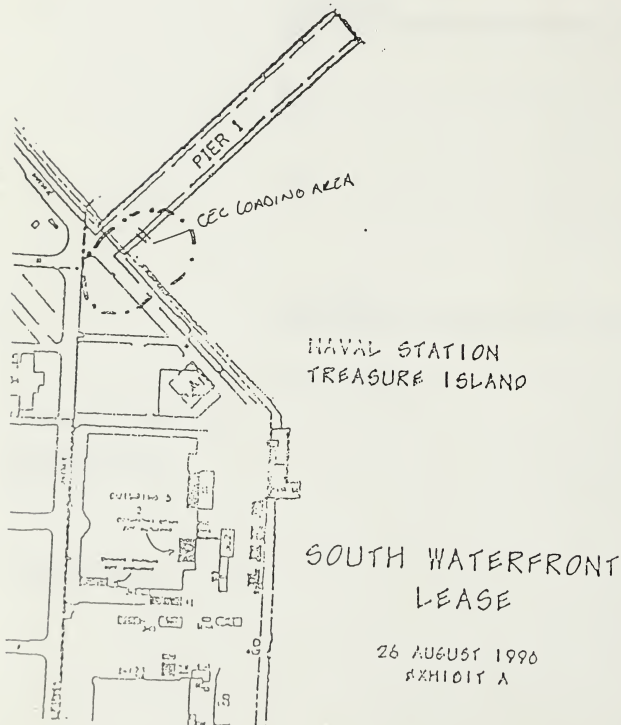
By _____
Deputy City Attorney

EXHIBIT A

SOUTH WATERFRONT LEASE

EXHIBIT B

DESCRIPTION OF LICENSED AREA



26 AUGUST 1990
EXHIBIT A

EXHIBIT C
COVER PAGE OF SEISMIC REPORT

EXHIBIT D
DESCRIPTION OF PERMITTED USES

The permittee may enter and use Pier 1 for the purpose of loading and unloading approximately 25 passengers onto a Westar Water Taxi. As well as for the purpose of loading and unloading equipment as specified in prior written notice provided by Permittee.

Parking of any vehicles on Pier 1 is prohibited except for the sole purpose of loading and unloading of equipment. Parking of vehicles shall not exceed more than 25 (Twenty Five) vehicles and is available off of the Pier next to the entrance gate.

All activities will take place beginning at 6:00 a.m. on Monday, September 10, 2001, to use Pier 1 and shall automatically expire at 6:00 p.m. on Monday, March 12, 2002.



Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Contract with TIHDI

Agenda Item No. 9
Meeting of September 12, 2001

Contact/Phone: Annemarie Conroy, Executive Director
Eila Arbuckle, Finance Manager
274-0660

SUMMARY OF REQUESTED ACTION

Staff request authorization to enable the Executive Director to execute a contract with the Treasure Island Homeless Development Initiative (TIHDI) for the period July 1, 2001 through June 30, 2002, for an amount not to exceed \$100,000.

DISCUSSION

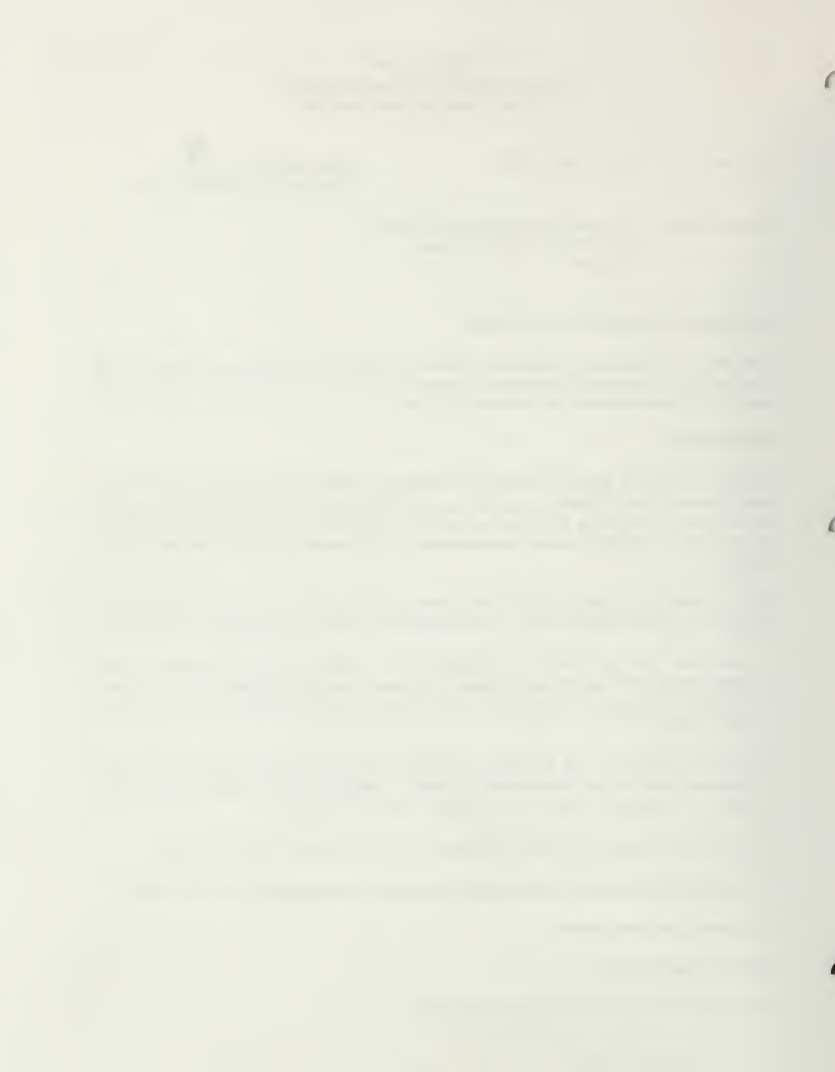
TIHDI is a California nonprofit corporation organized to utilize the resources of former Naval Base Treasure Island available to help fill gaps in the continuum of care for homeless persons and families, pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994. TIHDI's member organizations are all nonprofit organizations serving the homeless.

The recommended support for TIHDI will come from the revenues generated by leasing TI facilities, and will be used by TIHDI to provide all labor, materials, and equipment necessary to:

- Coordinate and facilitate the participation of community-based homeless service organizations in the development of plans to implement the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property on Treasure Island and Yerba Buena Island
- Coordinate activities with all public and private agencies operating on former naval base Treasure Island in the development of plans to implement the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property
- Coordinate occupancy of 62 units of housing on Treasure Island by March 15, 2000
- Coordinate development and occupancy of the remaining housing units allocated to TIHDI
- Operate a job broker system

Staff Recommendation

Staff recommends approval of the proposed contract.



RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT WITH TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE, A CALIFORNIA PUBLIC BENEFIT CORPORATION, FOR AN AMOUNT NOT TO EXCEED \$100,000 TO COORDINATE AND FACILITATE THE PARTICIPATION OF HOMELESS SERVICES ORGANIZATIONS IN IMPLEMENTING THE PROPOSED BASE CLOSURE HOMELESS ASSISTANCE AGREEMENT AND OPTION TO LEASE REAL PROPERTY.

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, In 1995, the General Services Administration and the Bureau of Land Management determined that Yerba Buena Island was surplus to the Federal Government's needs and could be transferred to the administrative jurisdiction of the Department of Defense under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure Island; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the City and County of San Francisco; and,

WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (I) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency for Treasure Island in 1997; and,

WHEREAS, the City and County of San Francisco negotiated a proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property with the Treasure Island Homeless Development Initiative, a California nonprofit corporation organized to utilize the resources of former naval base Treasure Island available to help fill gaps in the continuum of care for homeless persons and families, pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and,

1. The first part of the document discusses the importance of maintaining accurate records of all transactions. It emphasizes that proper record-keeping is essential for the integrity of the financial system and for the ability to detect and prevent fraud. The text also mentions the need for regular audits and the role of independent auditors in ensuring the reliability of the data.

2. The second part of the document focuses on the challenges faced by organizations in implementing effective internal controls. It highlights the complexity of modern business environments and the need for a robust framework of controls to manage risks. The text suggests that organizations should adopt a risk-based approach to internal control design and implementation, focusing on the most significant risks to the organization's objectives.

3. The third part of the document discusses the importance of transparency and disclosure in financial reporting. It notes that providing clear and concise information to stakeholders is crucial for building trust and confidence in the organization. The text also mentions the need for organizations to comply with relevant accounting standards and regulations, and to provide timely and accurate disclosures of all material information.

4. The fourth part of the document addresses the issue of data security and privacy. It emphasizes the need for organizations to implement strong security measures to protect sensitive information from unauthorized access and disclosure. The text also mentions the importance of data privacy and the need for organizations to comply with applicable data protection laws and regulations.

5. The fifth part of the document discusses the importance of continuous improvement in the financial reporting process. It notes that organizations should regularly review and update their internal control systems to reflect changes in the business environment and to address emerging risks. The text also mentions the need for organizations to foster a culture of transparency and accountability, and to encourage employees to report any potential issues or concerns.

WHEREAS, On July 25, 1996, the Board of Supervisors passed Resolution 672-96, authorizing sole source negotiations with the Treasure Island Homeless Development Initiative and its member organizations; and,

WHEREAS, the Authority wishes to support the Treasure Island Homeless Development Initiative pursuant to the Base Closure Community Redevelopment and Homeless Assistance Act of 1994; and

WHEREAS, the Contractor represents and warrants that it is qualified to perform the services required by City as set forth under this Contract; and

WHEREAS, the Authority has negotiated with the Contractor to reach agreement on the scope of work, and budget for the services shown in the Contract;

Now, therefore be it RESOLVED, That the Authority hereby authorizes the Executive Director of the Authority to execute a contract with Treasure Island Homeless Development Initiative, a California public benefit corporation, for an amount not to exceed \$100,000 to coordinate and facilitate implementation of the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property for former naval base Treasure Island.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes that this is essential for ensuring transparency and accountability in the organization's operations.

2. The second part outlines the various methods and tools used to collect and analyze data. It highlights the need for consistent data collection procedures and the use of appropriate statistical techniques to interpret the results.

3. The third part describes the process of identifying trends and patterns in the data. It notes that this involves a thorough review of the collected information and the application of critical thinking skills to draw meaningful conclusions.

4. The fourth part discusses the importance of communicating the findings of the analysis to the relevant stakeholders. It stresses that clear and concise reporting is crucial for ensuring that the information is understood and acted upon.

5. The fifth part concludes the document by summarizing the key points and reiterating the importance of ongoing monitoring and evaluation. It encourages a commitment to continuous improvement and the use of data to inform decision-making.

CERTIFICATE OF SECRETARY

I hereby certify that I am the duly elected and acting Secretary of the Treasure Island Development Authority, a California nonprofit public benefit corporation, and that the above Resolution was duly adopted and approved by the Board of Directors of the Authority at a properly noticed meeting on September 12, 2001

John Elberling, Secretary





RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

ORIGINAL

Authority and/or City and County of San Francisco
TREASURE ISLAND DEVELOPMENT AUTHORITY
Treasure Island Building One
410 Palm Avenue
San Francisco, California 94130

Agreement between the Treasure Island Development Authority and
TREASURE ISLAND HOMELESS DEVELOPMENT INITIATIVE

This Agreement is made this first day of July 2001, in the City and County of San Francisco, State of California, by and between: Treasure Island Homeless Development Initiative, 410 Palm Avenue, San Francisco CA 94130, hereinafter referred to as "Contractor," and the Treasure Island Development Authority, a municipal corporation, hereinafter referred to as "Authority," acting by and through its Executive Director, hereinafter referred to as "Executive Director."

Recitals

WHEREAS, Naval Station Treasure Island is a military base located on Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by the United States of America ("the Federal Government"); and,

WHEREAS, Treasure Island was selected for closure and disposition by the Base Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its subsequent amendments; and,

WHEREAS, In 1995, the General Services Administration and the Bureau of Land Management determined that Yerba Buena Island was surplus to the Federal Government's needs and could be transferred to the administrative jurisdiction of the Department of Defense under the Base Closure and Realignment Act of 1990 and disposed of together with Treasure Island; and,

WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit corporation known as the Treasure Island Development Authority (the "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of the Base for the public interest, convenience, welfare and common benefit of the inhabitants of the Authority and/or City and County of San Francisco; and,

WHEREAS, Under the Treasure island Conversion Act of 1997, which amended Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter 1333 of the Statutes of 1968 (the "Act"), the California Legislature (I) designated the Authority as a redevelopment agency under California redevelopment law with authority over the Base upon approval of the Authority and/or City's Board of Supervisors, and (ii) with respect to those portions of the Base which are subject to Tidelands Trust, vested in the Authority the Authority to administer the public trust for commerce, navigation and fisheries as to such property; and

WHEREAS, The Board of Supervisors approved the designation of the Authority as a redevelopment agency for Treasure Island in 1997; and,

WHEREAS, The Board of Supervisors approved the Homeless Component of the Draft Reuse Plan for Treasure Island on July 22, 1996 by Resolution 672-; and,

WHEREAS, the Authority wishes to support the Homeless Assistance Component of the Treasure Island Reuse Plan; and

WHEREAS, the Contractor represents and warrants that it is qualified to coordinate the actions of the member organizations of the Treasure Island Homeless Development Initiative; and

WHEREAS, the Authority has negotiated with the Contractor to reach agreement on the scope of work, and budget for this Agreement; and

WHEREAS, approval for said Agreement was obtained from the San Francisco Board of Supervisors Resolution 672-96 dated July 22, 1996

Now, THEREFORE, the parties agree as follows:

1. Certification of Funds; Budget and Fiscal Provisions; Termination in the Event of Non-Appropriation

This Agreement is subject to the budget and fiscal provisions of the Charter of the City and County of San Francisco ("Charter"). Charges will accrue only after prior written authorization certified by the Controller of the Authority and/or City and County of San Francisco ("Controller"), and the amount of Authority's obligation hereunder shall not at any time exceed the amount certified for the purpose and period stated in such advance authorization.

This Agreement will terminate without penalty, liability or expense of any kind to Authority and/or Authority and/or City at the end of any fiscal year if funds are not appropriated for the next succeeding fiscal year. If funds are appropriated for a portion of the fiscal year, this Agreement will terminate, without penalty, liability or expense of any kind at the end of the term for which funds are appropriated.

Authority and/or Authority and/or City has no obligation to make appropriations for this Agreement in lieu of appropriations for new or other agreements. budget decisions are subject to the discretion of the Mayor and the Board of Supervisors. Contractor's assumption of risk of possible non-appropriation is part of the consideration for this Agreement.

THIS SECTION CONTROLS AGAINST ANY AND ALL OTHER PROVISIONS OF THIS AGREEMENT.

2. Term of the Agreement

Subject to Section 1, the term of this Agreement shall be from July 1, 2001 to June 30, 2002.

3. Effective Date of Agreement

This Agreement shall become effective when the Controller has certified to the availability of funds and Contractor has been notified in writing.

4. Services Contractor Agrees to Perform

The Contractor agrees to perform the services provided for in Appendix A, "Description of Services," attached hereto and incorporated by reference as though fully set forth herein.

5. Compensation

Compensation shall be made in monthly payments on or before the last day of each month for work, as set forth in Section 4 of this Agreement, that the Executive Director, in his or her sole discretion, concludes has been performed as of the last day of the immediately preceding month. In no event shall the amount of this Agreement exceed one hundred thousand dollars (\$100,000). The breakdown of costs associated with this Agreement appears in Appendix B, "Calculation of Charges," attached hereto and incorporated by reference as though fully set forth herein.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or both, required under this Agreement are received from Contractor and approved by the Authority as being in accordance with this Agreement. Authority and/or City may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority and/or City be liable for interest or late charges for any late payments.

6. Guaranteed Maximum Costs

(a) The Authority and/or City's obligation hereunder shall not at any time exceed the amount certified by the Controller for the purpose and period stated in such certification.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the Authority and/or City are not authorized to request, and the Authority and/or City is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the Authority and/or City are not authorized to offer or promise, nor is the Authority and/or City required to honor, any offered or promised additional funding in excess of the maximum amount of funding for which the contract is certified without certification of the additional amount by the Controller.

(d) The Controller is not authorized to make payments on any contract for which funds have not been certified as available in the budget or by supplemental appropriation.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Authority as specified in Appendix B Budget,. All amounts paid by Authority and/or City to Contractor shall be subject to audit by Authority and/or City.

Payment shall be made by Authority and/or City to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the Authority and/or City for three times the amount of damages which the Authority and/or City sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the Authority and/or City for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the Authority and/or City for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the Authority and/or City if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Authority and/or City a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false claim paid or approved by the Authority and/or City; (c) conspires to defraud the Authority and/or City by getting a false claim allowed or paid by the Authority and/or City; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Authority and/or City; or (e) is a beneficiary of an inadvertent submission of a false claim to the Authority and/or City, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Authority and/or City within a reasonable time after discovery of the false claim.

9. Left blank by agreement of the parties.

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of Authority and/or City property for private gain. If such a possessory interest is created, then the following shall apply:

- (1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

- (2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the Authority and/or City to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.
- (3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time). Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.
- (4) Contractor further agrees to provide such other information as may be requested by the Authority and/or City to enable the Authority and/or City to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by Authority and/or City, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by Authority and/or City and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with Authority and/or City's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at Authority and/or City's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

Authority and/or City shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by Authority and/or City.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. **Independent Contractor:** Contractor or any agent or employee of Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by Authority and/or City under this Agreement. Contractor or any agent or employee of Contractor is liable for the acts and omissions of itself, its employees and its agents. Nothing in this Agreement shall be construed as creating an employment or agency relationship between Authority and/or City and Contractor or any agent or employee of Contractor.

Any terms in this Agreement referring to direction from Authority and/or City shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained. Authority and/or City does not retain the right to control the means or the method by which Contractor performs work under this Agreement.

b. **Payment of Taxes and Other Expenses:** Should Authority and/or City, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). Authority and/or City shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for Authority and/or City, upon notification of such fact by Authority and/or City, Contractor shall promptly remit such amount due or arrange with Authority and/or City to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of Authority and/or City. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in Authority and/or City's financial liability so that Authority and/or City's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

- (1) Workers' Compensation, in statutory amounts, with Employers' Liability Limits not less than \$1,000,000 each accident; and
- (2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and
- (3) Commercial Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.

b. Commercial General Liability and Business Automobile Liability Insurance policies must provide the following:

- (1) Name as Additional Insured the Authority and/or City and County of San Francisco, its Officers, Agents, and Employees.
- (2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty days' advance written notice to Authority and/or City of cancellation mailed to the following address:

Treasure Island Development Authority
Treasure Island Building One
410 Palm Avenue
San Francisco, CA 94130

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Authority and/or City receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Authority and/or City may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor must furnish to Authority and/or City certificates of insurance, and additional insured policy endorsements, in

form and with insurers satisfactory to Authority and/or City, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon Authority and/or City request.

h. Approval of the insurance by Authority and/or City shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless Authority and/or City and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by Authority and/or City or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Authority and/or City, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Authority and/or City and is not contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee.

In addition to Contractor's obligation to indemnify Authority and/or City, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority and/or City from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by Authority and/or City and continues at all times thereafter.

Contractor shall indemnify and hold Authority and/or City harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by Authority and/or City, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights which Authority and/or City may have under applicable law.

18. Liability of Authority and/or City

AUTHORITY AND/OR CITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL AUTHORITY

AND/OR CITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. Left blank by agreement of the parties

20. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

- (1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 8, 10, 15, 24, 30, 37, or 49.
- (2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten days after written notice thereof from Authority and/or City to Contractor.
- (3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.
- (4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, Authority and/or City shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, Authority and/or City shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to Authority and/or City on demand all costs and expenses incurred by Authority and/or City in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. Authority and/or City shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between Authority and/or City and Contractor all

damages, losses, costs or expenses incurred by Authority and/or City as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

21. Termination for Convenience

a. Authority and/or City shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. Authority and/or City shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by Authority and/or City and to minimize the liability of Contractor and Authority and/or City to third parties as a result of termination. All such actions shall be subject to the prior approval of Authority and/or City. Such actions shall include, without limitation:

- (1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by Authority and/or City.
- (2) Not placing any further orders or subcontracts for materials, services, equipment or other items.
- (3) Terminating all existing orders and subcontracts.
- (4) At Authority and/or City's direction, assigning to Authority and/or City any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, Authority and/or City shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.
- (5) Subject to Authority and/or City's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.
- (6) Completing performance of any services or work which Authority and/or City designates to be completed prior to the date of termination specified by Authority and/or City.
- (7) Taking such action as may be necessary, or as the Authority and/or City may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which Authority and/or City has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to Authority and/or City an invoice, which shall set forth each of the following as a separate line item:

- (1) The reasonable cost to Contractor, without profit, for all services and other work Authority and/or City directed Contractor to perform prior to the specified termination date, for which services or work Authority and/or City has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of 10% of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.
- (2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of Authority and/or City, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5% of such cost.
- (3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the Authority and/or City or otherwise disposed of as directed by the Authority and/or City.
- (4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to Authority and/or City, and any other appropriate credits to Authority and/or City against the cost of the services or other work.

d. In no event shall Authority and/or City be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by Authority and/or City, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, Authority and/or City may deduct: (1) all payments previously made by Authority and/or City for work or other services covered by Contractor's final invoice; (2) any claim which Authority and/or City may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the Authority and/or City, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and Authority and/or City's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. Authority and/or City's payment obligation under this Section shall survive termination of this Agreement.

22. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8, 9, 10, 11, 13, 14, 16, 17, 18, 24, 25, 26, 27, 28, 30, 43, 45 through 48, and 50.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to Authority and/or City, and deliver in the manner, at the times, and to the extent, if any, directed by Authority and/or City, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to Authority and/or City. This subsection shall survive termination of this Agreement.

23. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provisions of §15.103 and Appendix C 8.105 of Authority and/or City's Charter and §87100 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions.

24. Proprietary or Confidential Information of Authority and/or City

Contractor understands and agrees that, in the performance of the work or services under this Agreement or in contemplation thereof, Contractor may have access to private or confidential information which may be owned or controlled by Authority and/or City and that such information may contain proprietary or confidential details, the disclosure of which to third parties may be damaging to Authority and/or City. Contractor agrees that all information disclosed by Authority and/or City to Contractor shall be held in confidence and used only in performance of the Agreement. Contractor shall exercise the same standard of care to protect such information as a reasonably prudent contractor would use to protect its own proprietary data.

25. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority and/or City:

Executive Director
Treasure Island Development Authority
Treasure Island Building One
410 Palm Avenue
San Francisco, CA 94130

To Contractor:
Executive Director
Treasure Island Homeless Development Initiative
Treasure Island Building One
410 Palm Avenue
San Francisco, CA 94130

Any notice of default must be sent by registered mail.

26. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to Authority and/or City. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

27. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Authority and/or City. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the Authority and/or City, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Authority and/or City, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

28. Audit and Inspection of Records

Contractor agrees to maintain and make available to the Authority and/or City, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit Authority and/or City to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon Authority and/or City by this Section.

29. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by Authority and/or City in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

30. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by Authority and/or City by written instrument executed and approved in the same manner as this Agreement.

31. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

32. Earned Income Credit (EIC) Forms

Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the Authority and/or City may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

33. Minority/Women/Local Business Utilization; Liquidated Damages

a. Compliance

Contractor understands and agrees to comply fully with all provisions of Chapter 12D.A ("Minority/Women/ Local Business Utilization Ordinance--IV") of the San Francisco Administrative Code and agrees to include this paragraph in all subcontracts made in fulfillment of the Contractor's obligations under this Agreement. Said provisions are incorporated herein by reference and made a part of this Agreement as though fully set forth. Contractor's willful failure to comply with Chapter 12D.A is a material breach of contract.

b. Enforcement

If Contractor willfully fails to comply with any of the provisions of Chapter 12D.A, the rules and regulations implementing Chapter 12D.A, or the provisions of this Agreement pertaining to MBE or WBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or 10% of the total amount of this Agreement, or \$1,000, whichever is greatest. The Director of the Authority and/or City's Human Rights Commission (HRC) may also impose other sanctions against Contractor authorized in Chapter 12D.A, including declaring the Contractor to be irresponsible and ineligible to contract with the Authority and/or City for a period of up to five years or revocation of the Contractor's MBE or WBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to §12D.A.16C.

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to Authority and/or City upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with Authority and/or City.

Contractor agrees to maintain records necessary for monitoring its compliance with Chapter 12D.A for a period of three years following termination of this contract.

[If the contract will involve the use of subcontracts, include subparagraphs c., d. and e.:]

c. Subcontracting Goals

The MBE/WBE subcontracting participation goal for this contract is [fill in number] %. Contractor shall fulfill the subcontracting commitment made in its bid or proposal. Each invoice submitted to Authority and/or City for payment shall include the information required in HRC Form 6. Failure to provide HRC Form 6 with each invoice submitted by Contractor shall entitle Authority and/or City to withhold 20% of the amount of that invoice until HRC Form 6 is provided by Contractor.

Contractor shall not participate in any back contracting to the Contractor or lower-tier subcontractors, as defined in Chapter 12D.A, for any purpose inconsistent with the provisions of Chapter 12D.A, its implementing rules and regulations, or this Section.

d. Subcontract Language Requirements

Contractor shall include in all subcontracts with MBEs or WBEs made in fulfillment of Contractor's obligations under this Agreement, a provision requiring Contractor to compensate any MBE or WBE subcontractor if Contractor does not fulfill its commitment to use the MBE or WBE subcontractor. Such provisions shall also state that it is enforceable in a court of competent jurisdiction.

Subcontracts shall require the subcontractor to maintain records necessary for monitoring its compliance with Chapter 12D.A for a period of three years following termination of this contract.

e. Payment of Subcontractors

Contractor shall pay its subcontractors within three working days after receiving payment from the Authority and/or City unless Contractor notifies the Director of HRC in writing within ten working days prior to receiving payment from the Authority and/or City that there is a bona fide dispute between Contractor and its subcontractor and the Director waives the three-day payment requirement.

Contractor further agrees, within ten working days following receipt of payment from the Authority and/or City, to file an affidavit with the Controller, under penalty of perjury, that the Contractor has paid all subcontractors. The affidavit shall provide the names and addresses of all subcontractors and the amount paid to each. Failure to provide such affidavit may subject Contractor to enforcement procedure under Administrative Code §12D.A.16.

34. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate against any employee, Authority and/or City and County employee working with such contractor or subcontractor, applicant for employment with such contractor or subcontractor, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations, on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status), or association with members of such protected classes, or in retaliation for opposition to discrimination against such classes.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B.2(a), 12B.2(c)-(k), and 12C.3 of the S.F. Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco,

or where work is being performed for the Authority and/or City elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the S.F. Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission.

e. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the S.F. Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the S.F. Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

35. MacBride Principles—Northern Ireland

Pursuant to S.F. Administrative Code §12.F.5, the Authority and/or City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The Authority and/or City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

36. Tropical Hardwood and Virgin Redwood Ban

Pursuant to S.F. Administrative Code §12I.5(b), the Authority and/or City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

37. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Authority and/or City premises. Contractor agrees that any violation of this

prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

38. Resource Conservation; Liquidated Damages

Chapter 21A of the S.F. Administrative Code ("Resource Conservation") is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 21A will be deemed a material breach of contract.

In the event Contractor fails to comply in good faith with any of the provisions of Chapter 21A, Contractor will be liable for liquidated damages in an amount equal to Contractor's net profit under this Agreement, or 5% of the total contract amount, whichever is greater. Contractor acknowledges and agrees that the liquidated damages assessed shall be payable to Authority and/or City upon demand and may be offset against any monies due to Contractor from any contract with Authority and/or City.

39. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

40. Sunshine Ordinance

In accordance with S.F. Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between Authority and/or City and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

41. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in Authority and/or City funds or Authority and/or City-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this

Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the Authority and/or City to terminate and/or not renew the Agreement, partially or in its entirety.

42. Requiring Minimum Compensation for Covered Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.ci.sf.ca.us/MCO. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

(a) For each hour worked by a Covered Employee during a Pay Period on work funded under the Authority and/or City contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, the Contractor shall pay \$9.00 an hour through December 31, 2001. On January 1, 2002, Contractor shall increase the hourly gross compensation to \$10.00 an hour; provided, however, that if Contractor is a Nonprofit Corporation or a public entity, it shall be required to pay the increased amount only if the Authority and/or City makes the finding required by Section 12P.3(a)(ii) of the San Francisco Administrative Code. If Contractor is required to increase the gross hourly compensation to \$10.00 an hour, it shall provide the 2.5% annual increase required by the MCO for each of the next three years.

(b) Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the Authority and/or City with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

(c) Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The Authority and/or City, acting through the Contracting Department, shall determine whether such a breach has occurred.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Authority and/or City, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

(1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together

with interest on such amount from the date payment was due at the maximum rate then permitted by law;

- (2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;
- (3) The right to terminate this Agreement in whole or in part;
- (4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and
- (5) The right to bar Contractor from entering into future contracts with the Authority and/or City for three years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the Authority and/or City. Any amounts realized by the Authority and/or City pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

(e) Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the MCO.

(f) Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the AUTHORITY AND/OR CITY, which communications are marked to indicate that they are to be distributed to Covered Employees.

(g) Contractor shall provide reports to the Authority and/or City in accordance with any reporting standards promulgated by the Authority and/or City under the MCO, including reports on subcontractors.

(h) The Contractor shall provide the Authority and/or City with access to pertinent records after receiving a written request from the Authority and/or City to do so and being provided at least five (5) business days to respond.

(i) The Authority and/or City may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the Authority and/or City from investigating any report of an alleged violation of the MCO.

(j) Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the

same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, Authority and/or City may pursue any of the remedies set forth in this Section against Contractor.

(k) Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

(l) If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

43. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this agreement as though fully set forth. The text of the HCAO is available on the web at www.ci.sf.ca.us/HCAO. Capitalized terms used in this Section and not defined in this agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission..

(b) Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. Authority and/or City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving Authority and/or City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Authority and/or City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Authority and/or City.

(d) Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify Authority and/or City's Office of Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Authority and/or City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that Authority and/or City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

(e) Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Authority and/or City with regard to Contractor's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Contractor shall keep itself informed of the current requirements of the HCAO.

(h) Contractor shall provide reports to the Authority and/or City in accordance with any reporting standards promulgated by the Authority and/or City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Contractor shall provide Authority and/or City with access to records pertaining to compliance with HCAO after receiving a written request from Authority and or City to do so and being provided at least five business days to respond.

(j) Authority and/or City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with Authority and/or City when it conducts such audits.

(k) If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with Authority and/or City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the Authority and/or City to be equal to or greater than \$75,000 in the fiscal year.

44. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of HRC any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than 20%.

45. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Purchasing who shall decide the true meaning and intent of the Agreement.

46. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

47. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

48. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 44.

49. Compliance with Laws

Contractor shall keep itself fully informed of the Authority and/or City's Charter, codes, ordinances and regulations of the Authority and/or City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

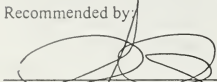
50. Severability

Should-the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

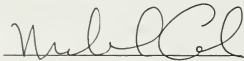
AUTHORITY AND/OR CITY

Recommended by:


Annemarie Conroy, Executive Director
Treasure Island Development Authority

Approved as to Form:

Louise H. Renne
~~Authority and/or City Attorney~~

By 
Deputy ~~Authority and/or City Attorney~~

Approved:


Judith A. Blackwell
Director, Office of Contract Administration

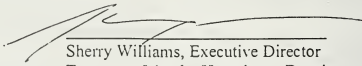
APPENDICES

- A: Services to be Provided by Contractor
- B: Calculation of Charges

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the Authority and/or City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.


Sherry Williams, Executive Director
Treasure Island Homeless Development Initiative
401 Palm Avenue
San Francisco CA 94130
415/274-0311
FEIN: 94-3280624

APPENDIX A

SERVICES TO BE PROVIDED BY CONTRACTOR

Treasure Island Homeless Development Initiative ("Contractor") shall provide all labor, materials, and equipment necessary to:

- Coordinate and facilitate the participation of community-based homeless service organizations in the development of plans to implement the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property on Treasure Island and Yerba Buena Island
- Coordinate activities with all public and private agencies operating on former naval base Treasure Island in the development of plans to implement the proposed Base Closure Homeless Assistance Agreement and Option to Lease Real Property
- Operate a job broker system and secure 10 jobs for homeless and economically disadvantaged San Francisco residents in the contract period January 1, 2001 through December 31, 2001
- Raise \$30,000 to help fund TIHDI's operations that are not covered by programmatic grants

ADDENDUM 1 TO APPENDIX A
1. WORKFORCE HIRING GOALS

In performing its rights and responsibilities under this Agreement, Contractor shall comply with the following workforce hiring goals for qualified homeless or otherwise economically disadvantaged persons and San Francisco residents.

1.1 Contractor's Workforce Hiring Goals. Contractor shall use Good faith Efforts to meet the work force hiring goals described herein (the "Workforce Goals"). For purposes of this Section 1, Contractor's Good Faith Efforts shall include, but not be limited to, the following:

(a) Submitting detailed written plans describing how Contractor intends to meet the Workforce Goals (a "Hiring Plan").

(b) Listing jobs available on the Premises with the TIHDI Job Broker at least two weeks prior to advertising for applicants elsewhere;

(c) Considering for appropriate job openings all candidates who are qualified, screened and referred to it by the TIHDI Job Broker;

(d) Establishing with TIHDI mutually acceptable means of communicating about job openings and provide information about jobs and about outcomes of referrals within a reasonable time upon request by the TIHDI Job Broker;

(e) Consulting with the TIHDI Job Broker on an ongoing basis about how to meet Contractor's Workforce Goals; and

(f) Meeting and conferring with the TIHDI Job Broker to discuss and attempt to resolve any problems with Contractor meeting its Workforce Goals.

1.2 Burden of Proof. If the Workforce Goals are not met, Contractor shall have the burden of establishing in any Enforcement Procedure described in Section 1.9 below that it made Good Faith Efforts and that the candidates who were selected were better qualified for work than the homeless or economically disadvantages persons who applied or were referred by the TIHDI Job Broker.

1.3 Construction Workforce. Without obligation (other than as expressly set forth herein), Contractor shall also be required to give consideration for hiring on all construction projects on the Premises to qualified homeless or otherwise economically disadvantaged persons, and to qualified residents of San Francisco whose annual income, at the time of hire, is at or below fifty percent (50%) of median income for the City as determined by HUD.

1.4 Subcontracting. Contractor will consider subcontracting certain tasks to be performed by Contractor under this Agreement to TIHDI member organizations, particularly for grounds keeping, janitorial, recycling and deconstruction activities. Subcontracts with TIHDI organizations will be included for purposes of determining Contractor's Good Faith Efforts to meet the Work Force Goals.

1.5

Hiring Plan.

(a) Contractor shall submit its Hiring Plan to the Authority within sixty (60) days of the Commencement Date. Contractor's Hiring Plan shall include a detailed description of how Contractor intends to meet its Workforce Goals, which description should include community outreach and recruiting efforts, hiring procedures (e.g., phased hiring), a projected schedule for meeting the Workforce Goals, and alternative courses of action if it appears that the Workforce Goals will not be met.

(b) During the first 30 days after the Hiring Plan is submitted, the Authority and Contractor shall negotiate in good faith solutions to any deficiencies in the Hiring Plan as reasonably determined by the Authority. At the expiration of such 30-day period, the Authority shall advise Contractor, through a written "Notice of Noncompliance," of any alleged deficiency in the Hiring Plan remaining at the close of such negotiations. The Notice of Noncompliance shall state the specific basis for the alleged deficiency(ies) and the Authority's suggested cure. Contractor shall advise the Authority within 10 days of its receipt of the Notice of Noncompliance whether Contractor accepts the suggested cure. If the Contractor rejects the suggested cure, either party may proceed immediately to the Enforcement Procedure pursuant to Section 1.9 below by filing a Request for Enforcement ("Request") on the Hiring Plan. The Request shall specify the issues presented and the relief requested.

1.6 Reports. Contractor shall prepare reports regarding the composition of Contractor's work force reasonably satisfactory to the Authority.

1.7 Matters Subject to Enforcement Procedure. In addition to the initial preparation of the Hiring Plan, all matters related to implementing the Hiring Plan and the Workforce Goals are subject to the Enforcement Procedure described in Section 1.9 below.

1.8 Implementation of Enforcement Procedure. The Enforcement Procedure, as provided for in Section 1.9 below, shall be the exclusive procedure for resolving any dispute concerning the interpretation or implementation of the Hiring Plan or any alleged deficiency in Contractor's Good Faith Efforts to achieve the Workforce Goals. The Enforcement Procedure shall be implemented by the Human Rights Commission of the City of County of San Francisco (the "Commission"), which shall have the powers described below unless otherwise provided by law.

(a) All subcontracts related to the Agreement ("Subcontracts") shall incorporate the provisions of this Section 1 and the Authority shall have the right to enforce said obligations, requirements and agreements against the Contractor or its subcontractors. Contractor shall require, by contract, that each subcontractor participates in Enforcement Procedure proceedings in which it may be identified in a Request, and that each subcontractor shall be bound by the outcome of such Enforcement Procedure according to the decision of the Commission.

1.9 Enforcement Procedure.

(a) If the Authority reasonably determines that Contractor has failed to use Good Faith Efforts to meet the Workforce Goals, or for any other matter subject to this

Enforcement Procedure the Authority shall send a written Notice of Noncompliance to Contractor describing the basis for its determination and suggesting a means to cure any deficiencies. - If Contractor does not, in the reasonable discretion of the Authority, cure the deficiency within ten (10) days, the matter shall be submitted to the following Enforcement Procedure.

(i) Prior to the filing and service of a Request, the parties to any dispute shall meet and confer in an attempt to resolve the dispute.

(ii) The Authority, Contractor or any subcontractor may commence resolution of any dispute covered by the Enforcement Procedure by filing a Request with the Commission. Where the Authority is not the complaining party, the Request shall be served on the Authority. Where the Authority is the complaining party, the Request shall be served on the Contractor at the Notice Address listed in the Agreement, and the non-compliant subcontractor, if any, if such service can be achieved with reasonable effort. The Request shall be filed and served either by hand delivery or by registered or certified mail. The Request shall identify the entities involved in the dispute and state the exact nature of the dispute and the relief sought. If the complaining party seeks a temporary restraining order and/or a preliminary injunction, the Request shall so state in the caption of the Request.

(iii) Service on the Contractor of the Request or any notice provided for by this Section 1 shall constitute service of the Request or notice on all subcontractors who are identified as being in alleged noncompliance in the Request. The Contractor shall promptly serve the Request or notice, by hand delivery or registered or certified mail, on all such subcontractors.

(iv) The TIHDI Job Broker shall have the right to present testimony or documentary evidence at Enforcement Procedure proceedings.

(v) After the filing and the service of a Request, the parties shall negotiate in good faith for a period of 10 business days in an attempt to resolve the dispute; provided that the complaining party may proceed immediately to the Enforcement Procedure, without engaging in such a conference or negotiations, if the facts could reasonably be construed to support the issuance of a temporary restraining order or a preliminary injunction ("Temporary Relief"). The Commission shall determine whether the facts reasonably supported the issuance of Temporary Relief.

(vi) If the dispute is not settled within 10 business days, a hearing shall be held within 90 days of the date of the filing of the Request, unless otherwise agreed by the parties or ordered by the Commission upon a showing of good cause; provided, that if the complaining party seeks a temporary restraining order, the hearing on the motion for a temporary restraining order shall be heard not later than two (2) business days after the filing of the Request, and provided further, if a party seeks a preliminary injunction, such motion shall be heard on 15 days' notice. The Commission shall set the date, time and place for the Enforcement Procedure hearing(s) within the proscribed time periods by giving notice by hand delivery to the Authority and the Contractor; except, where a temporary restraining

order is sought, the Commission may give notice of the hearing date, time and place to the Authority, Contractor and any affected subcontractor by telephone.

(vii) In the Enforcement Procedure. proceedings hereunder, discovery shall be permitted in accordance with Code of Civil Procedure §1283.05.

(b) **Commission's Decision.** The Commission shall render a decision within 20 days of the date that the hearing on a Request is completed; provided that where a temporary restraining order is sought, the Commission shall render a decision not later than 24 hours after the hearing on the motion. The Commission shall send the decision by certified or registered mail to the Authority, the Contractor and the subcontractor, if any.

(i) The Commission may enter a default award against any party who fails to appear at the hearing; provided said party received actual notice of the hearing. In a proceeding seeking a default award against a party other than the Contractor, the Contractor shall provide proof of service on the party as required by this Article. If the Contractor fails to provide proof of service, the Contractor shall pay \$2,500 as liquidated damages to the Authority, provided that no such damages shall be assessed if the Contractor demonstrates that it made good faith efforts to serve the party. In order to obtain a default award, the complaining party need not first seek or obtain an order to arbitrate the controversy pursuant to Code of Civil Procedure §1281.2.

(ii) Except as otherwise provided in this Section 1, the Commission shall have no power to add to, subtract from, disregard, modify or otherwise alter the terms of the Agreement, or to negotiate new agreements or provisions between the parties.

(iii) The inquiry of the Commission shall be restricted to the particular controversy that gave rise to the request for the Enforcement Procedure. A decision of the Commission issued hereunder shall be final and binding upon the Authority, Contractor, and subcontractors, if any, sent by mail to the Authority, the Contractor and the subcontractor, if any. The losing party shall pay the Commission's fees and related costs of the Enforcement Procedure. If a subcontractor is the losing party and fails to pay said fees within 30 days of the decision, the Contractor shall pay the fees. Each party shall pay its own attorneys' fees provided that fees may be awarded to the prevailing party if the Commission finds that the Request was frivolous or that the Enforcement Procedure action was otherwise instituted or litigated in bad faith. Judgment upon the Commission's decision may be entered in any court of competent jurisdiction.

(c) Remedies and Sanctions. Except as may otherwise be expressly provided herein, the Commission may impose only the remedies and sanctions set forth below and only against the non-compliant party(ies):

(i) Order specific, reasonable actions and procedures, in the form of a temporary restraining order, preliminary injunction or permanent injunction, to mitigate the effects of the Contractor's failure to make Good Faith Efforts, and/or to require Contractor and/or its subcontractors to make such Good Faith Efforts, including, but not limited to, orders enjoining the Contractor from recruiting, screening or hiring (through new

hires, transfers or otherwise) any person for employment at the Premises pending resolution of the alleged deficiency(ies) in the Hiring Plan or Contractor's implementation of the Workforce Goals.

(ii) Require the Contractor or Subcontractors to refrain from entering into new contracts related to work related to the Agreement, or from granting extensions or other modifications to existing contracts related to the Agreement, other than those minor modifications or extensions necessary to enable completion of the work covered by the existing contract, with any non-compliant subcontractor until such subcontractor provides assurances satisfactory to the Authority and the Contractor of future Good Faith Efforts to comply with the Workforce Goals.

(iii) Direct the Contractor or subcontractor to cancel, terminate, suspend or cause to be canceled, terminated or suspended, any contract or lease or portion(s) thereof for failure of the subcontractor to make Good Faith Efforts to comply with the Workforce Goals, provided, however that Subcontracts may be continued upon the condition that a program for future compliance is approved by the Authority.

(iv) If the Contractor or subcontractor is found to be in willful breach of its obligations to make Good Faith Efforts to achieve the Workforce Goals, impose financial penalties not to exceed \$50,000 or 10 percent of the total monetary consideration contemplated by the Agreement, whichever is less, for each such breach on the party responsible for the willful breach; provided, however, no penalty shall be imposed pursuant to this paragraph for the first willful breach unless the breaching party has failed to cure after being provided notice and a reasonable opportunity to cure. The Contractor or subcontractor may impose penalties for subsequent willful breaches whether or not the breach is subsequently cured. For purposes of this paragraph, "willful breach" means a knowing and intentional breach.

(v) Direct that the Contractor or subcontractor produce and provide to the Authority any records, data or reports that are necessary to determine if a violation has occurred and/or to monitor the performance of the Contractor or Subcontractor.

(vi) Issue such other relief deemed necessary to ensure that the Hiring Plan is written and implemented, and that Contractor makes Good Faith Efforts to meet its Workforce Goals, including requiring the inclusion or exclusion of specific terms or provisions in the Hiring Plan based on a determination that the term(s) added or removed further the requirements and objectives of this Section 1.

(d) Delays due to enforcement. If Contractor does not timely perform its obligations under the Agreement with the Authority because of a Commission's order against a party other than the Contractor, such order shall be deemed an event of Force Majeure, and the time for any performance by the Contractor shall be extended as provided therein; provided, however, that Contractor shall make good faith efforts to minimize any delays.

(e) Exculpatory clause. The Contractor and its subcontractors hereby forever waive and release any and all claims against the Authority for Losses arising under or related to this Section 1:-

(f) California law applies. California law, including the California Arbitration Act, Code of Civil Procedure §§1280 through 1294.2, shall govern all the Enforcement Procedure proceedings.

(g) Designation of agent for service. Not later than five (5) days after the execution of this Agreement, the Contractor shall designate a person or business, residing or located in the City and County of San Francisco, as its agent for service of a Request and all notices provided for herein. If the Contractor has an office located in San Francisco, it may designate itself as agent for service. The designation shall be served on

1.10. Relationship to Other Employment Agreements. Nothing in this Agreement shall be interpreted to prohibit the continuation of existing workforce-training agreements or interfere with consent decrees, collective bargaining agreements or existing employment contracts. In the case of collective bargaining agreements, Contractor will take primary responsibility for integrating the requirements of Contractor's Workforce Goals with any such collective bargaining agreements. As necessary, Contractor will attempt to negotiate equivalent first source hiring obligations with relevant unions.

APPENDIX B PROJECT BUDGET

The total amount payable under this Agreement shall not exceed One Hundred Thousand dollars (\$100,000).

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Discuss the Findings of the Analysis
Conducted by Bay Area Economics to Assess
Developer Concerns Related to the Primary Developer
Request for Qualifications Process and the Impact of those
Findings on Future Solicitation Efforts.

Agenda Item No. 10
Meeting of September 12, 2001

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Director of Development
274-0660

BACKGROUND

On June 14, 2000, the Authority authorized the issuance of a Request for Qualifications for a Primary Developer ("Primary Developer RFQ") for former Naval Station Treasure Island. On October 27, 2000, staff issued approximately 500 copies of the Primary Developer RFQ to interested parties. Staff held a pre-submittal meeting on Treasure Island on December 5, 2000 to address questions from potential respondents regarding the RFQ process. Submittals for the RFQ were due to the Authority office on February 1, 2001. On that date, the Authority received two responses to the RFQ, which were distributed to the Authority Board members for review. The two responses were from Navillus Associates and Treasure Island Community Development (TICD).

On July 11, 2001, Authority staff presented the findings of an independent review of the two proposals conducted by Keyser Marston Associates, working in conjunction with Arthur Andersen and Dean Macris. The conclusions reached by the consultant team, with the concurrence of staff, was that TICD met all the evaluation criteria set forth in the RFQ and thus is an entity that could assume the responsibility of Primary Developer for Treasure Island, and that the Navillus did not meet all the evaluation criteria. Based on these findings, the Authority directed staff to undertake two actions:

- First, undertake a brief study to assess the relative lack of developer interest in the original RFQ and explore ways to improve competition for the opportunity. The study would entail consultation with expert advisers and interviews with prospective developers that had previously expressed interest in Treasure Island but failed to respond to the RFQ. Ultimately, the expectation was that the focused study would assist the Authority in identifying the feasibility of improving the climate for development (and thus improve the chances for increased competition), and in assessing what the Authority's next steps should be.

- Second, based on the information gleaned from the analysis, the Authority would evaluate options for moving forward with the expectation that that Authority would prepare and issue some type of further solicitation, while recognizing that TIDC was "deemed" qualified.

Working with Bay Area Economics (BAE), staff has completed the study to assess developers concerns related to the Treasure Island RFQ process (a copy is attached as Exhibit A). The following presents a brief summary of the findings.

SUMMARY OF FINDINGS

BAE conducted interviews with representatives of five national developers that have a breadth of experience in mixed-use developments of the size and scale contemplated at Treasure Island. An interview guide was prepared by BAE, based on input from TIDA staff and a review of the RFQ and the Developers Packet.

Overall, developers agreed that Treasure Island is a one-of-a-kind real estate opportunity, but they found the overall project to be enormously complex, with a number of issues and risks that make development very difficult, including financial, market, legal, entitlement, environmental, and political risk factors. Specific issues mentioned by developers as being of most concern were the economic feasibility of the project, the limitations of the Tidelands Trust and the ability to execute a "trust exchange, the seismic condition of the Island and related improvement costs, and access constraints to and from the Island. Other "second-tier" concerns included the presence of existing uses or commitments on the Island (e.g., Job Corps, Marina, Police and Fire), the City's commitment to the development of the project, the conveyance of property from the Navy, and the ability to gain entitlements for the property.

In seeking ways to improve the development opportunity, the developers indicated several actions the Authority could take, including:

Improving the RFQ Process

- Provide a Better Explanation of How the City/TIDA Can Assist in the Redevelopment Effort
- Make a Selection Based Solely on Qualifications
- Reduce the Requirements of the RFP

Address Significant Predevelopment Issues Before Soliciting Proposals

- Finalizing a Tidelands Trust Transfer Agreement
- Finalizing the EIR/EIS
- Expediting the Environmental Remediation Program
- Finalizing Conveyance of the Base

In addition, the developer interviews indicated that TIDA and/or the City should consider partnerships with a selected developer to obtain public funding for improvements at the base, and to provide improved transportation and access to the base.

CONCLUSIONS

Based on the information gleaned from developer interviews, BAE set forth three possible options for the Authority to consider as prospective paths forward. They include:

- ***Issuing a Focused RFP to Treasure Island Community Development.*** This approach has the benefit of offering the quickest path to productive reuse of Treasure Island by continuing the process already initiated by TIDA, with a development team that has already been deemed qualified to undertake a project as complex as Treasure Island. By asking Treasure Island Community Development (TICD) to respond to a focused RFQ, the Authority (and the public) will have an opportunity to evaluate the strength of the development proposal prior to entering into exclusive negotiations. Conversely, if TICD is unable to produce a proposal that is acceptable to the Authority and the community, the Authority will be faced with the prospect of either starting the entire solicitation process over or commencing key pre-development activities itself, but having lost 3-6 months in the process.
- ***Issuing a Modified RFQ/P that Addresses Financial Feasibility Concerns and Simplifies Proposal Requirements.*** By issuing a modified RFQ/P to the entire development community, the Authority may be able to better explain ways of addressing some of the financial feasibility concerns expressed by developers. This might include detailed descriptions of revenues available from interim reuse activities, or sources of capital available for capital improvements (such as a ferry landing). In addition, the process set forth in the RFQ/P could be structured to select a developer without requiring them to spend large sums of money on the preparation of an elaborate development proposal. However, it is unlikely, based on information collected through the interviews, if a modified RFQ/P that repositioned the development opportunity and changed the solicitation process would lead to additional developer interest in Treasure Island. Initiating a new solicitation process is likely to add 6-9 months to the redevelopment timeline.
- ***Reissue a New RFQ/P after the Authority Completes Substantial Pre-Development Enhancement Activities.*** Some developers felt that the Treasure Island development opportunity would be much more attractive if TIDA completed key pre-development activities prior to issuing a new RFQ/P. Having the TIDA complete these activities was especially important to those developers who expressed interest in the project, but did not submit due to overriding concerns regarding financial risk, entitlement risk, and related development challenges. Based on interview responses, three of the five developers indicated they would be willing to give Treasure Island a 'second look' if a number of significant issues affecting development were addressed. While this option may improve the number of respondents to a new RFQ/P, addressing these issues will take a substantial amount of time, perhaps a year or more.

RECOMMENDATION

Based on the data presented in the BAE report, it does not appear there are any 'quick fixes' the Authority can make to improve the development climate for Treasure Island (within 1 year). At

best, in the short run the Authority could issue a modified RFQ/P that repositioned the opportunity and offered a more streamlined selection process leading to an exclusive negotiating agreement. However, based on data collected in the interviews, it's questionable if these modifications would attract additional developer interest to the project and a changed solicitation and selection process could add significant additional time to the redevelopment effort, possibly 6-9 months.

As a result, staff is recommending the Authority proceed with its original solicitation process by issuing a focused RFP to Treasure Island Community Development. The focused RFP would require TICD to submit detailed information about its proposed development of Treasure Island. This information would allow the Authority and the community to effectively evaluate TICD's plans for Treasure Island prior to entering into an exclusive negotiating agreement. This option best allows the Authority to move forward on a timely basis with the redevelopment effort.

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Staff feels it is important to note that concurrent with the focused RFP, efforts would be made to address the pre-development concerns articulated in the BAE report. Thus, in the event TIDA elects to reject TICD's proposal, any new solicitation efforts can highlight the progress made on these significant issues.

B A E

Bay Area Economics

**The Treasure Island
Primary Developer RFQ/P Process:
Assessment of
Developer Concerns**

Prepared for:
Treasure Island
Development Authority

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**The Treasure Island
Primary Developer RFQ/P Process:
Assessment of
Developer Concerns**

**Prepared for:
Treasure Island
Development Authority**

September, 2001

Headquarters

2560 9th Street

Suite 200

Berkeley, CA

94704

510.549.7300

fax: 510.549.7000

bael@bael.com

San Francisco, CA

415.561.4400

Washington, D.C.

301.589.6600

Sacramento, CA

530.750.2100

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Executive Summary

Purpose of Assessment

The Treasure Island Redevelopment Authority (TIDA) has commissioned this assessment as a follow-up to the recently completed Primary Developer RFQ process for Treasure Island. BAE assessed developers' opinions about the Treasure Island development opportunity in order to help guide the Treasure Island Development Authority's analysis of the best means for proceeding with the selection of a master developer for Treasure Island. Specifically, BAE sought to gain insight into potential strategies that TIDA could pursue to attract the broadest possible interest in Treasure Island from the development community. Five interviews were undertaken by BAE in August of 2001, based on the attached interview guide prepared with input from TIDA staff. The five developers interviewed by BAE were selected jointly by TIDA staff and BAE, based primarily on their breadth of real estate development capabilities in similar complex, mixed use settings and their prior expressions of interest in the project. Both to preserve the integrity of the selection process and to insure forthright comments, BAE has presented findings herein without identifying specific developers.

Potential Developer Feedback

Developers agreed that Treasure Island is a one-of-a-kind real estate opportunity, or as one stated "one of the most romantic pieces of real estate on the market." But they also found the overall project to be "enormously complex," with a number of issues that make development very difficult and "cast doubt on the financial feasibility of development." Essentially, each developer in his/her own words, summarized the project as facing significant risks, including financial, market, legal, entitlement, environmental, and political risk factors, leading to their independent decisions to not pursue the RFQ.

Overall, developers chose to not participate in the RFQ process primarily because of doubts about the financial feasibility of the project, Tideland's Trust limitations, and concerns about access and transportation to the island¹. Most of the interviewed developers suggested a variety of pre-development activities that TIDA could undertake to enhance the project's attractiveness for additional consideration, including completing the EIR, effecting conveyance, opening and/or completing Trust transfer, and conducting additional studies.

A second RFQ, RFQ/P process may attract additional firms to submit qualifications. Two out of five developers were very positive about their possible participation in a second RFQ/P if the process was substantially revised to include a negotiated RFP and more responsibility on the part of the city. Both developers are particularly intrigued by the size and complexity of the Treasure Island development opportunity. An additional developer

¹ It should also be noted that BAE observed a lack of exploration by the interviewed developers in interim reuse strategies that could generate revenue, such as extending the successful interim leasing program for the existing Treasure Island housing, holding special events of unique national/international significance, and/or reducing the development components to reduce site development and transportation costs.

was interested in “re-assessing” the situation once they had seen what TIDA had accomplished prior to the RFP/Q process. The remaining two developers would not consider participating in a new San Francisco project at this time, due to other large project commitments in the area and frustration with City of San Francisco projects.

Potential Next Steps

Based on developer suggestions and BAE consideration of TIDA goals and objectives for the Primary Developer, BAE has identified the following three options for proceeding with redevelopment of Treasure Island:

Option 1: Issue a Focused RFP to Treasure Island Community Development

Option 2: Issue a Modified RFQ/P that Address Financial Feasibility Concerns and Simplifies Proposal Requirements

Option 3: Reissue a New RFQ/P after the Authority Completes Substantial Pre-Development Enhancement Activities

Introduction

Purpose of Assessment

The Treasure Island Development Authority (TIDA) requested this assessment as a follow-up to the recent RFQ solicitation process conducted to identify qualified primary development teams for Treasure Island. Despite a number of interested parties during the initial stages of the solicitation, TIDA received only two submittals to the RFQ, with one team deemed qualified to continue through the next steps in the process. In order to help the Authority understand whether changes to the process might yield broader developer interest in the project, BAE was commissioned to conduct this assessment to interview representatives from five of the largest and most nationally active development companies that had initially indicated strong interest, but did not submit their qualifications.

Methodology

BAE met with TIDA Director of Development Stephen Proud and Deputy City Attorney Michael Cohen to discuss the solicitation process to date and key development opportunities and constraints from TIDA's perspective. In addition, this meeting involved identification of parties for the interviews, and discussion of the assessment methodology.

BAE prepared a draft interview guide, based on discussions with TIDA staff and a review of the RFQ and the Developer's Packet. The interview guide elicits developer opinions about the features of the Island which initially attracted their interest, subsequent due diligence and concerns, key decision factors leading to withdrawal of interest, short and long term actions that TIDA could take to remedy or mitigate these concerns, and suggested additional potential developers for the project. TIDA staff reviewed and commented on a draft of the interview guide, and BAE prepared a final version for the interviews. The interview guide is included as Appendix A.

The developer interviews were conducted by telephone during the month of August, 2001, following an initial contact by TIDA staff to introduce BAE and the process. Each interview was approximately 30 minutes.

Overview of Issues

The RFQ Process

Interviewed developers first learned about the Treasure Island RFQ through a variety of sources including friends, business partners, TIDA, the Port of San Francisco, or other City departments.

Overall, interviewed developers agreed that Treasure Island is a one-of-a-kind real estate opportunity, with some of the best views in the nation, and a location within a very desirable demographic market. At least two of the developers felt that the project is a “once in a lifetime” opportunity for them to develop a “signature” project. However, all interviewed developers viewed the project as enormously complex, with a number of difficult development issues that cast serious doubt on the project’s financial feasibility.

In preparing to respond to the RFQ, all developers reviewed the RFQ, and all but one attended the pre-bid conference, toured the property, and reviewed the comprehensive Developer Packet. All developers also talked with contacts in the local area to discuss the site. Two developers put together initial project teams, for which they specifically targeted “well-connected” partners from San Francisco to include in their team.²

Primary Development Issues

Overall, developers chose not to participate in the RFQ process primarily because of doubts about the economic feasibility of the project, the Tidelands Trust, the cost of seismic improvements, and concerns about access and transportation to the Island. Table 1 below indicates each developer’s independent ranking of the most serious issues on the Island that caused them to refrain from submitting qualifications.³

² It is BAE’s opinion that some of the developers did not undertake a comprehensive review of the project prior to deciding not to submit qualifications. Most developers interviewed by BAE had some misconceptions about the development opportunity. For example, one developer thought that the Tidelands Trust transfer would remove Trust development constraints from the entire island, another significantly underestimated the cost of seismic improvements, and a third was unaware that some market studies had already been completed for the project. Given these misunderstandings, most developers had a general understanding of the difficulties of development of the Island.

³ Three developers choose not to pursue the project partially for reasons independent of the specific Treasure Island development issues. One had made a corporate decision not to pursue any new development projects at this time, and two others are engaged in existing development projects within the City of San Francisco and wanted to maintain focus on their current projects.

Table 1: Treasure Island Development Issues

Development Issues	Developer's Ranking
Economic Feasibility	#1, #1, #2
Tidelands Trust	#1, #1, #3
Seismic	#1, #2, #5
Transportation & Access	#2, #3, #4, #4, #4
City's Level of Commitment to Development	#3, #4
Existing uses: Job Core, Marina RFQ, Police Academy, Homeless uses	#2, #3
Conveyance	#2
Entitlement Process	#3

Source: BAE, 2001

To amplify these rankings, the following comments were made by one or more interviewed developers:

- Interviewed developers had serious doubts about the economic feasibility of the project and this was the critical inhibitor for three of the interviewed developers. One developer felt that the cost of seismic improvements would necessitate a level of density on the island that would be “unethical,” another felt that the actual development opportunity was quite small given existing uses and access limitations on new trip generation, while a third felt that the “carved up nature” of the island would result in a “very fragmented development opportunity” with many “interest groups,” making the project economically very difficult.
- The Tidelands Trust was an important issue to three developers, two of whom were concerned about the process of Trust transfer, while the third viewed the Trust limitations on housing and office development themselves as problematic.
- Seismic issues were identified as a huge concern by two developers; as one emphatically stated, this issue was “ten times more important than any other concern.” All interviewed developers felt that seismic improvements must be addressed in partnership with the City through a negotiated development process.
- All interviewed developers were also concerned about transportation and access to the Island, though this issue was ranked low relative to other issues. Developers were uncertain about the economic feasibility of ferry service and wanted the City of San Francisco and CalTrans to assume some responsibility for the provision of this or other access to the Island.
- Two developers felt strongly that the City of San Francisco and its residents have not yet come to agreement on a vision for the Island. These developers noted that wetlands feasibility is under consideration and that the City seems to want a park and recreation facility from a developer at no cost, which is “an indication that the public partner is not serious about making a deal.” They felt that the City needs to better define what it wants and then figure out if it can get it.
- The remaining issues were important to a minority of developers. One developer was concerned that existing commitments (e.g., Job Corp, the Marina RFQ, etc.) have removed the most valuable portions of the Island from the development opportunity.

Finally, the time required to complete property conveyance was a concern to one developer.

It should also be noted that BAE observed a lack of thorough analysis by the interviewed developers into interim reuse strategies that could generate revenue, such as extending the successful interim leasing program for the existing Treasure Island housing, holding special events of unique national/international significance, and/or reducing the development components to mitigate or reduce site development and transportation costs.

Developers were asked to describe their best-case development scenario for the site, given its characteristics and legal constraints. Most developers were reluctant to answer this question for fear that competitors would borrow concepts for the RFQ/P process. However, with some encouragement, four developers gave their best-case vision for the Island:

- A self-contained transit-oriented community with a combination of residential, retail and office use.
- A place-making high-concept development that “generates enough enthusiasm for the project to carry it through the tough times.”
- A low-density neighborhood with housing and neighborhood-serving retail. This developer noted that significant retail, hotels, theme parks, or major entertainment venues would be unsustainable due to access issues on the island.
- A project with low density uses created by multiple developers and coordinated by the City through a set of design guidelines. The use of multiple developers would increase the diversity of the built environment on the Island, while using just one developer will likely “bungle the project in a big way.”

Developer Recommendations

Developers recommended the following actions for TIDA to undertake prior to issuing a new RFQ/P:

Improve the RFQ Process

- **Reduce the Developer’s Responsibilities/Increase City Role.** All interviewed developers felt that the RFQ placed the burden of all development, infrastructure, entitlement, and environmental issues on the developer. This was problematic because the selected developer would have to invest hundreds of millions of dollars and years of very difficult work on infrastructure improvements, the entitlement process, and political issues seemingly on their own before possibly earning a return. As one developer noted “there is lots of exposure for a limited development profile.” Correspondingly, all developers felt that the City of San Francisco and TIDA should play a larger project management and financial role in the project. Developers seemed to fear both the political climate in San Francisco and the particular financial risks at Treasure Island. “TIDA must send a message to the development community that the City of San Francisco will stand behind the developer to work through the many tough issues on the site.”
- **Utilize a Negotiated RFQ Process.** Two developers felt that a project of this magnitude and complexity would be better served by a negotiated RFQ process. They

felt that TIDA should select a master developer based on qualifications and then, without the burden of having to submit an RFP competitively, move into a period of exclusive negotiation. During the negotiation period TIDA and the developer could undertake additional needed market studies, develop a financially feasible concept plan, and begin addressing some of the major development issues such as the Tidelands Trust transfer, the EIR/EIS, Island access, etc.

- **Reduce the Requirements of the RFP Process.** Three developers were concerned with the open-ended nature of the RFP, especially the iterative refinement of development concepts in competition with other developers. They viewed this as an expensive and political process that inhibits the attractiveness of the project. Two developers were also concerned about an additional investment of earnest money during the previously proposed competitive RFP process.
- **Strengthen TIDA's Authority Over Entitlements.** One developer felt that TIDA should be strengthened so that it has more authority over entitlement issues, plan approval, etc. at the site. This developer was particularly sensitive to the political process for approvals in San Francisco.

Initiate Additional TIDA Pre-Development Activities

BAE asked developers to rank four pre-development activities that TIDA staff indicated could be undertaken by TIDA prior to a new RFQ/P process, including finalize the conveyance, negotiate Tidelands Trust transfer agreements, finalize the EIR/EIS, and expedite the Navy's clean-up process. However, developers seemed to be torn between the advantage of early completion of pre-development activities and fears that the lack of their involvement would reduce the development opportunity at the Island. The following provides additional commentary regarding these potential pre-development activities:

- **Finalizing the Tidelands Trust transfer agreements** garnered strong support from four developers. This would benefit the project by reducing the development timeline and it would give the developer a final understanding of the true development envelope. Two developers were also concerned that the Trust be transferred with enough flexibility so that minor changes in the development concept could be accommodated after developer selection.
- **Finalizing the EIR/EIS** gathered support from three developers, again provided that flexibility is maintained by analyzing the highest level of development density allowable given the Reuse Plan and Tideland Trust's legal constraints.
- **Completing updated market studies for the Island**, particularly for the hotels, ferry service, and conference facilities, was supported by three developers. These respondents questioned the financial feasibility and market support for these components of the Reuse plan.
- **Expediting the Navy's environmental clean-up** was also important to two developers, although one felt there might be advantages to completing the clean-up in partnership with the developer in accordance with a development plan.

- **Finalizing the conveyance** of the property was recommended by two developers; one developer noted that this was the most important action that TIDA could undertake.

Developers identified two additional activities that the City and TIDA should partner with the developer to resolve, including:

- Obtain public funding to assist with site development
- Work with regional transit agencies to develop an effective transportation and access strategy

Feasibility of New RFQ/P Process

Developers felt overall that the Treasure Island development opportunity would be more attractive if TIDA completed some pre-development activities. The most important task for TIDA is to “increase the certainty” of the financial feasibility of the project, the project’s timeline, and the achievability of corresponding entitlement tasks. However, most felt that this would take some time and that it was hard to gauge their firms’ level of interest a few years from now.

Two out of the five developers were very positive about reconsidering Treasure Island in a second RFQ/P. Both were particularly intrigued by the size and complexity of the Treasure Island development opportunity. An additional developer was interested in “re-assessing” the situation once they had seen what TIDA accomplished prior to a new RFQ/P process. The two remaining developers would not consider participating in a San Francisco project at this time.

In addition, interviewed developers recommended a number of potentially qualified developers (besides their firm) for TIDA to pursue at the next phase of the RFQ/P process, including: Catellus, Paladium, Federal Realty Investment Trust, Forest City, Lennar, Shea Homes, Lend Lease, and Trammell Crow⁴.

Impact of Changing Market Conditions

Three developers felt that the change in market conditions would not substantially change their recommendations. Most noted that projects of this size and complexity take many years to complete and that the selected developer must time the phases of the project to catch market up-turns.

Two dissenting developers felt strongly that market changes have reduced the overall desirability and feasibility of the project, and that there was no advantage to quickly reopening the RFQ/P process. These developers noted that the change in market conditions would impact their consideration of the project as follows:

⁴ BAE has observed additional potential developers that have expressed interest in other complex island, base reuse, or brownfield projects, including companies such as Post Properties, Disney/Buena Vista Resorts, AMFAC, and Madison Marquette. A more comprehensive list of potential developers would be available from BAE upon request.

- Constrained their ability to raise investment dollars for office, retail, hotel and conference facility projects. “Capital markets are very tight,” consequently, to raise funding, developers must invest a much larger amount of equity than before.
- Changed their priorities in that they are now unwilling to expend capital on pre-development activities and are instead investing their capital in existing projects. This makes the pre-development work required for this project a bigger detraction than it might have been at the peak of the economic cycle.
- Caused them to be much more careful about new projects they initiate. The Treasure Island RFQ was released at a time when there were many base redevelopment opportunities, and Treasure Island had comparably more problems. As one developer noted “its really a small development opportunity with a bunch of headaches. Currently, there just isn’t enough of a critical mass of development opportunity to make it worthwhile.”

Recommended Next Steps

While Treasure Island is a unique long term development opportunity, according to interviewed developers, it is also an enormously complex project, with a number of issues that threaten financial feasibility or otherwise make development very difficult. The principle policy issue before TIDA is whether to proceed on the current course with one qualified team, or to delay the project to further address some of the issues identified in this report, and reopen the process for additional competition.

The following sections briefly discuss the issues associated with three possible options for proceeding:

Option 1: Issue focused RFP to Treasure Island Community Development

The Treasure Island Community Development (TICD) team was deemed qualified by TIDA through the prior RFQ process, and TICD is ready to move forward with the project. It should be noted however that BAE has not reviewed TICD's submittal, nor is BAE rendering an opinion about the feasibility of TICD's concept with respect to the development issues identified in this report.

One approach would be to issue a focused RFP to TICD prior to entering into exclusive negotiations. In this way, the Authority could defer granting TICD any exclusive rights until after the Authority (with community input) has determined whether TICD's proposal is acceptable. This approach has the benefit of offering the quickest path to reuse of Treasure Island by continuing the process already initiated by TIDA, with a development team deemed qualified, while building the partnerships necessary to overcome the project's challenges and realize its rewards.

The principle drawback of this approach is that if TICD's proposal is deemed unacceptable, the Authority will have to start over with one of the two options outlined below, having lost 3-6 months in the process. In addition, the impetus for TICD to offer the most favorable terms at the proposal stage, may be somewhat lessened.

Option 2: Issue a Modified RFQ/P that Addresses Financial Feasibility Concerns and Simplifies Proposal Requirements

TIDA could issue a modified RFQ/P that addresses financial feasibility concerns and simplifies proposal requirements. For example, the revised RFQ/P could better communicate the "rewards" of the project, including, the benefits of an interim reuse strategy, wherein the significant revenue generated by existing housing leases (\$45 million over seven years) could support a revenue bond or other debt instrument to address the Island's seismic and other infrastructure needs. In addition, the revised RFQ/P should also emphasize the long-term collaborative partnership being sought between TIDA and the developer and describe other tools available to address project issues.

The revised RFQ/P should simplify proposal requirements, possibly encouraging more developers to respond. It should be noted that during interviews conducted for this report,

many developers expressed their reluctance to participate in a competitive RFP process because of the significant financial commitment required (a typical firm might spend \$1M developing a proposal). This reluctance may be exacerbated by the possible near-term continued economic downturn, which tends to reduce developers' interest in complex projects during times of retrenchment. The RFQ/P itself should clearly state that the purpose of the "proposal" is to ensure the intent and broad goals of the developer, not to finalize a plan. One method to communicate this goal would be to title the issuance a Request for Qualifications (RFQ) and Project Concept. One benefit of Option 2 may be attracting broader, more competitive interest in the Treasure Island project. The principle drawback of Option 2 may be an additional delay of redevelopment.

Option 3: Reissue a New RFQ/P after the Authority Completes Substantial Pre-Development Enhancement Activities

TIDA could undertake pre-development activities, either prior to or concurrently with re-issuance of an RFQ/P. These activities are especially important to those developers who expressed interest but did not submit due to overriding concerns regarding financial risk, entitlement risk, and related development challenges.

Interviewed developers were especially keen that TIDA play a role in:

- Removing entitlement risks by initiating the Tidelands Trust transfer and finalizing the EIR/EIS. TIDA could also begin work on both the property conveyance and clean up, which are fairly typical activities for public partners in base reuse projects.
- Reducing financial risks by preparing updated market studies of ferry service, hotel and conference center uses; and preparing an interim use plan for revenue generating uses such as housing, events, etc.

Completion of this list of activities may lead to additional developer interest, but will take a significant amount of time, at least a year or longer.

Appendix A: Treasure Island Interview Guide

Explain that we are talking to developers to get more information about their views on the project, the decision process they went through to propose or not, and actions that TIDA could take to mitigate concerns (both short and longer term). Also explain that there will be a new combined RFQ/P, and TIDA is encouraging all interested parties to take another look and propose. Emphasize that their comments and perspectives will be strictly confidential and that while their comments will be shared generally with TIDA to improve the RFQ/RFP process, all comments will be anonymous to TIDA.

1. How did you first learn about the Treasure Island development opportunity?
2. Why did you decide not to submit your firm's qualifications in response to the recent Treasure Island RFQ?
3. What primary development risks did you identify when deciding whether to respond to the RFQ?
 - How did you identify and analyze those risks?
 - What did your analysis find?
 - How would you rank the severity of these risks?
4. Given what you know about the site and the legal constraints it is under, what is your best-case development scenario for the site?
5. If TIDA were to complete some pre-development activities, which activities would be important to complete to make the project more attractive?
(For all important activities, rank by order of importance)
 - Finalize conveyance
 - Trust Transfer agreements
 - Finalize EIR/EIS
 - Expedite the Navy's clean-up process
6. How much more attractive would the project be if TIDA completed these pre-development activities? Would it be attractive enough to participate in the RFQ/RFP process?
7. Are there short-term issues that the City of San Francisco or the Treasure Island Development Authority could solve to make the project attractive to your team? How specifically should TIDA the City address these issues?
8. What are the most important long-term issues that TIDA should tackle to improve the feasibility of the project? How could they address these issues?
9. Did you have any concerns about the RFQ requirements or process?
10. What would you change, in anything, about your recommendations for improving the RFQ process, pre-development work, or overall development issues on the island given the recent decline in market conditions?
11. Did you consider forming a team with several developers? If so, what types and what was the thought process for this?
12. Would you consider participating in a new RFP/RFQ process? Why or why not?
13. Could you recommend other developers who are qualified to complete a project like this?
14. Do you have any additional comments about Treasure Island, the development process or the RFQ/RFP process?

Notes



Minutes of Meeting

Treasure Island Development Authority

September 12, 2001

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1. Call to Order: 1:07 PM

Roll Call Present: John Elberling, Vice-Chairman Gerald Green

William Fazande Susan Po-Rufino

Marcia Rosen Claudine Cheng

Doug Wong (1:09 PM)

2. Approval of Minutes: Ms. Cheng points out an omission in the minutes of the last meeting. The minutes of July 11, 2001 are amended to reflect the fact that staff was asked to present the findings of the analysis conducted by Bay Area Economics to assess developer concerns related to the primary developer RFQ process and the impact of those findings on future solicitation efforts. Minutes of July 11, 2001 are approved as amended with one abstention.

3. Communications: London Breed, Commission Secretary, reports there are no communications.

4. Director's report given by Executive Director, Annemarie Conroy.

Ms. Conroy welcomes the new commissioner, Marcia Rosen, Director of the San Francisco Redevelopment Agency. Ms. Conroy discussed the events of September 11, 2001 and their impact on Treasure Island.

• Public Access - Ms. Conroy reported on special event activities and open access to Treasure Island.

• Environmental Cleanup - The Environmental Engineering and Cost Analysis are making decisions on final cleanup actions. Staff will negotiate and make changes with the Navy next week in regard to Site 12 and the final close out of Site 12.

• Short Term Leases - Sean Penn will be bringing a movie to Treasure Island next week.

• Bay Bridge - Beginning Sunday morning, September 16, 2001, the West Bound deck of the Bay Bridge will be closed from 1 AM to 5 AM for about a month for construction purposes.

• Community Issues: Sherry Williams of TIHDI is planning their third annual resident picnic. Last year there were 700-900 participants and they expect 1500 this year. Finally, Job Corps is looking for an operator of a small store at the Job Corps Facility.

• Citizen Advisory Board - The CAB had a meeting to discuss timelines for the RFQ/RFP. There are also two new appointees to the Board that are mayoral appointees.

• TIHDI - There is an action item on the agenda regarding a \$100,000 contract with TIHDI.

• Finance Report next month.



· Legislation/Hearing affecting TI - There are no new hearings or legislation affecting TI.

Mr. Elberling asked if the Authority has any outstanding issues with DTSC regarding cleanup. Ms. Conroy states we are working closely with DTSC and the Navy to bring the TIHDI units online.

Mr. Elberling asked how many units are awaiting clearance from DTSC and/or the Navy. Ms. Conroy replied that there are 96 units for TIHDI and 140-150 John Stewart units.

5. General Public Comment

Sherry Williams, executive director of TIHDI, explains that the resident picnic is a chance for all residents of the island, Job Corps, TIHDI, Delancey Street, John Stewart residents, to come together. The date is October 20, 2001 from 11 AM to 3 PM, and everyone is invited to stop by.

Peter Hay, TI resident, who works with a group called Homes on Treasure Island expressed that he would like to develop a limited equity co-op on the island.

6. Ongoing Business by Directors - Mr. Elberling asked counsel when is the next time they should have elections for officers of the commission. Mr. Cohen replied that he would check the by-laws and report back at the October meeting.

7. Resolution authorizing the second amendment to the sublease between the Authority and California Engineering Contractors, Inc., to add approximately 71,400 square feet to the subleased premises.

Ms. Breed points out a correction to line 13, instead of 3,444 square feet, it should be 22,960 square feet. Ms. Breed provides background information on the property that CEC currently uses. Currently, CEC is requesting additional space to store steel and park vehicles. The area is currently leased to the Authority under the land and structures master lease and CEC is interested in 71,400 square feet bounded by Avenue I, Avenue H, 13th Street and 11th Street. The Authority will continue to charge 15 cents/square foot resulting in an additional \$10,710/month in base rent. CEC currently pays \$25,444/mo. This would increase to \$36,154 with the additional space for annual revenue of \$433,848. If approved, CEC will be required to follow the original guidelines of the sublease. The only changes would be the increase in monthly base rent and an increase in the security deposit from \$44,000 to \$66,000. Staff recommends approval.

Mr. Green questions the condition of the current leased areas, asks for pictures of the sites to see the upkeep, landscaping. Mr. Green expresses continued concern of the aesthetics of all of these vehicles and equipment in full sight. Ms. Conroy states that the Navy will not allow vehicles to be parked on non-paved land. The Navy wanted this new parcel to be non-slatted fencing so they could monitor what's inside the non-paved fenced areas. CEC has been a good tenant and will put up slats or canvas or whatever is necessary.

Wahid Tadros, president of CEC, explains that CEC originally leased the sight for construction trailers, which are temporary buildings that house the staff. They use the yard to store the steel that is used to retrofit the bridge and some equipment. He states that they keep the yard clean, have organized pathways and equipment and vehicles are stored in an orderly fashion. It is an operational yard, not a storage yard. He explains that with more steel coming in, in order to keep things organized they need more space.

Mr. Green moved approval. Fazande Seconded. Approved 7-0

8. Resolution authorizing the extension of a use permit for an additional six months with CEC for use of Pier 1.

Marianne Conarroe, TIDA staff, states that CEC uses the space twice a day to transport workers to and from the bridge.

Fazande moved approval. Rosen seconded. Approved 7-0

9. Resolution authorizing the Executive Director to execute a contract with the Treasure Island Homeless Development Initiative for the period July 1, 2001 through June 30, 2002, for an amount not to exceed \$100,000.

Eila Arbuckle, Finance Manager, states this is a recurrent contract that TIDA has consistently authorized since TIHDI was organized. It reflects a \$25,000 annual increase in support for TIHDI. This increase was initially approved by TIDA last



December when we did a six-month contract to connect TIHDI with the City's fiscal year at which time they got a \$12,500 increase for that six-month period. TIHDI operates a job broker system and coordinates the housing development and opportunities on Treasure Island.

Ms. Conroy states TIHDI has done an excellent job managing all of their programs.

Sherry Williams, TIHDI, explained that the funds represent staff salaries and some operating expenses towards the coordination and implementation of the homeless assistance plan for Treasure Island. Ms. Williams lists some of TIHDI's achievements with the allocated funds last year:

Rosen moved approval. Green seconded. Approved 7-0

10. Discussion of the findings of the analysis conducted by Bay Area Economics to assess developer concerns related to the primary developer request for qualifications process and the impact of those findings on future solicitation efforts.

Stephen Proud, Director of Development, states that this is basically a presentation by Bay Area Economics on the finding of a consultant's report that was conducted and a discussion with the TIDA Board seeking direction on a path forward for staff to proceed with the primary developer solicitation process. Mr. Proud discusses the history of the RFQ process leading up to the current date. Conclusions were reached by that process deemed that one of the two teams was deemed qualified based on the evaluation criteria set forth in the RFQ and the second team was found deficient in some areas. After discussion with the Authority, it was resolved that two actions should occur. First, for staff to go back and assess what the developer concerns were with the development process and opportunity of the Island and what we could do to make the process more attractive to the development community should we re-solicit the opportunity. The second was, based on the information that was gleaned from that analysis, the Authority would evaluate options in moving forward with the expectation that we would prepare and issue some type of further solicitation. We solicited the services of BAE to conduct the study and do the assessment of the developer concerns.

Marie Jones, senior associate with BAE, replied that the methodology was to come up with some recommendations for the Authority to move forward with the selection of a master developer. They interviewed five developers for the process in August 2001. All had national reputations and experience with mixed use projects such as this one and all agreed to be interviewed by BAE for this process. They expressed concerns over the economic feasibility, the enormity of the project, the limitations of the Tidelands trust and transfer and concerns about access and transportation to the Island. They feel the Authority has 3 options: 1) Issue a focused RFP to the qualified developer (TICD), 2) Issue a modified RFQ/RFP that addresses some of the financial feasibility concerns (seismic issues) and 3) Reissue a new RFQ/RFP after the Authority has undergone some of the pre-development activities.

Mr. Proud states that based on BAE's report, staff recommends the Authority issue a focused RFP to Treasure Island Community Development that requires them to submit detailed information about their development proposal and that would allow us to thoroughly evaluate that proposal before entering into an exclusive negotiating agreement.

Tom Burbank, Vice President of United Native Depository Corporation, states they are the controlling parties of Navillus, LLC, and the second competing bid that responded to the RFQ/RFP. He disagrees with Mr. Proud's suggestion. He thinks the process should be opened up with another RFQ/RFP or an extension of dates for qualifications should be put forward.

Mr. Proud states we have not extended the initial proposal process and the ability to submit additional qualifications for the original RFQ process that was established. There were opportunities beyond the February deadline to submit additional qualifications. Materials were submitted to our office up until and including the date we held our commission meeting in July 2001. From that date to today we have not accepted any materials from either team as part of the RFQ/RFP process.

Ms. Conroy states there was very thorough questioning by the independent consultants of each of the teams. One team appeared qualified and the other clearly was not and that was apparent to the consultants. Both teams had ample time to submit additional qualifications and financial statements to the development team.

Mr. Proud clarifies that the two who responded to the RFQ were not part of the five evaluated by BAE. Two of the five indicated they would take a second look at a new RFP that might be issued, a third said they would not bid unless the Authority undertook some significant pre-development activities to address some of the concerns.

Mr. Elberling asked how much money have we invested in the RFP/RFQ process excluding staff time. Mr. Proud replies

about \$150,000.

Mr. Cohen states it has been the City's practice, especially on large projects, that part of the price of entering into an ENA is to pay the City staff's budget and that includes its consultants. If TICD were selected, that would be part of the cost of going forward under the ENA. From a cost perspective, the recommendation of BAE is the cheapest option to get to the ENA. Once you get to the ENA, the requirement that the developer fund not only its own efforts but that of City staff would provide the source of that financing.

Ms. Cheng states that the last time we decided to move ahead in the direction we did, to have additional studies, there were two major concerns shared by both the Authority and the staff. 1. Look into enhancing competition and 2. How do we get the best deal for the City. It sounds like staff is satisfied on both counts from their current recommendation.

Mr. Proud says he is quite satisfied on both counts in the sense we did not get any findings that would lead us to believe that we would have an outpouring of new proposals that would increase the level of competition in the project. The second is more difficult to address in terms of how do we get the best deal for the City when we have only one developer in the mix. Staff needs direction to issue a focused RFP where we would require a commitment of pre-development dollars to the process, and a proposal that would outline what the land use would be and what the significant business terms of the deal would be. Their incentive is to present a satisfactory deal that maximizes all the things the Authority would like to see, and if they do they enter into an ENA for the property and the right to develop the property. That is the strategy we are looking at to satisfy the second condition.

Ms. Cheng asked what the timeline will be. Mr. Proud replied that a focused RFP is a shorter road than issuing a new RFP or if we take time to address some of the pre-development issues. We had a meeting with the Citizens Advisory Board on Thursday of last week. One of the goals of that meeting was specifically to talk about timelines for the RFP process. I heard the Authority's concern at the last meeting that we be as expeditious as possible as we move through the process. The CAB's principal concern is that the reuse plan that was prepared in 1996 is starting to get a little old. It was a broadly drawn document, a lot of policy statements and directives. It could use some refinements on the policy side. We would like to give the CAB a copy of the RFP for their next meeting, October 18. Let their planning and development subcommittee meet a couple of times to discuss the substantive issues and then come back to the full CAB in November for their final approval before we bring it to the TIDA Board in December. That is the timeline we have put together predicated on the staff's recommendation today.

Ms. Cheng would like to make sure that there is time for public comment within the timeframe. Mr. Proud states there will be about five opportunities for citizen input. The CAB and the TIDA Board meetings are both public forums. We'll also be sending copies of the RFP to City departments and other public agencies during this timeframe.

Mr. Proud states the CAB did not see the report. He presented the findings of the report and the three options contained in the report. There was a lot of discussion. We have not heard a formal position from them. They could see the value of moving forward with a focused RFP to a single entity that has already been pre-qualified. Our infrastructure is aging and it would be nice to have someone in here taking over the property management responsibilities.

Mr. Elberling asks counsel to present a written memo that makes it clear that if we proceed in this manner we will have satisfied the competitive bidding requirement.

Mr. Cohen views staff recommendation as a continuation of the competitive process that the Authority Board already approved notwithstanding the fact that only one was qualified. The Authority presented this opportunity, marketed it widely around the world, and based on that we are simply doing what we said we would do in the original RFQ, which is whoever is selected gets to respond to an RFP.

Ms. Rosen asks about the timeline for the adoption of the redevelopment plan, if it would be after we have or just prior to a DDA adoption if supplemental environmental review were necessary from the point of the EIR conveyance. Mr. Proud states we have a draft preliminary report that is available to staff. We are moving slowly on the redevelopment plan in large part because it is hooked to the EIS and the conveyance and we do

not want to get too far ahead of the EIR process.

Ms. Rosen replies that this developer has simply met one hurdle of minimum qualifications and all the authority rests with the development authority to reject all proposals if we do not believe the proposal is competitive or meeting the minimum

public benefit standards the Authority establishes through the RFP. I am supporting the staff recommendation because I believe it is in the public interest to move forward expeditiously with a developer who is found to meet the minimum qualifications.

Mr. Elberling would like the October meeting to start off in executive session to update us on the Navy negotiations. That way we'll be fully briefed on all the federal aspects.

Mr. Green agrees with Ms. Rosen that we need to move forward. He thinks there are opportunities here to control the project and states he would support the staff's recommendation.

Ms. Cheng agrees with Mr. Green that we move forward with the process.

11. Closed Session--Conference with legal counsel--existing litigation.

Mr. Green moved a motion to recess and reconvene in closed session. Cheng seconded. Approved 7-0

12. Reconvene in open session.

Mr. Elberling asks the Director for any report on action in closed session. Mr. Cohen states the report is that the TIDA board unanimously approved the settlement, which was notice for the closed session.

Rosen made a motion to not disclose. Cheng seconded. Approved 7-0

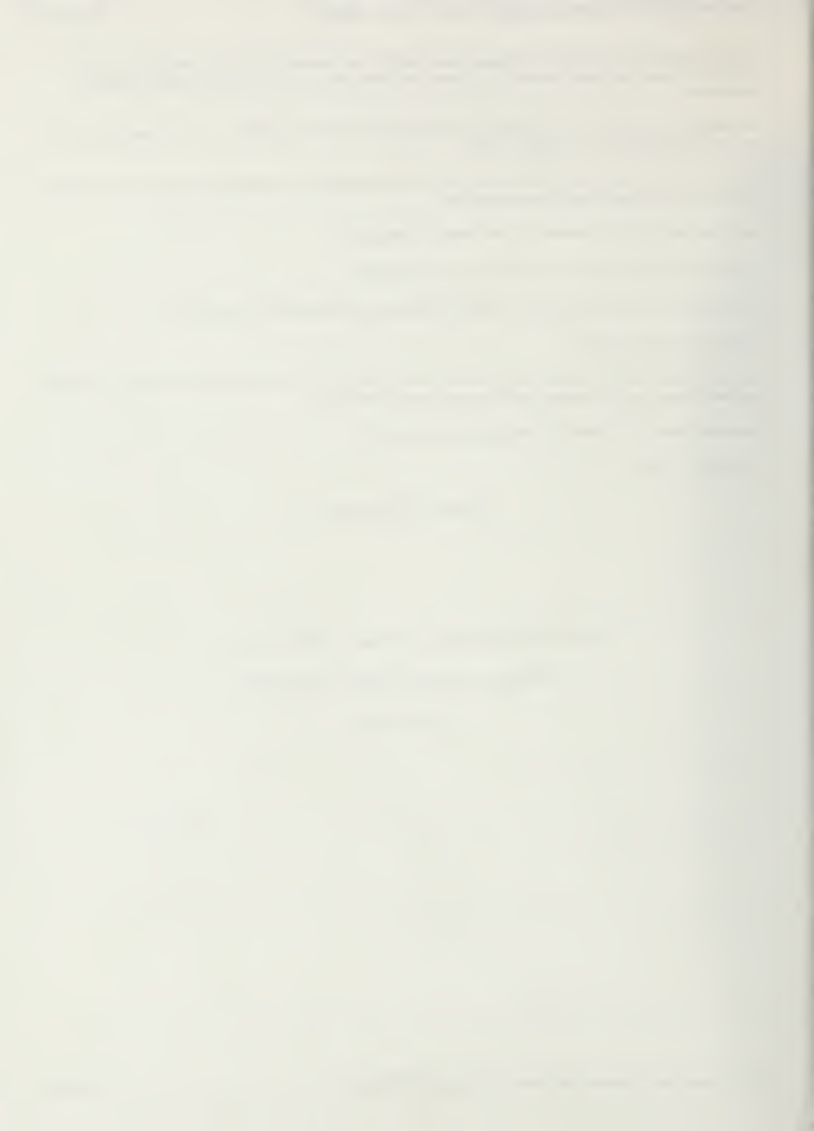
13. Adjourned 3:38PM

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12/28/2001 10:39:46



OFFICE OF THE MAYOR
SAN FRANCISCO



WILLIE LEWIS BROWN, JR.

TREASURE ISLAND PROJECT
410 AVENUE OF THE PALMS
BUILDING 1, 2ND FLOOR
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
FAX (415) 274-0299

NOTICE

74
10/10/01
cancelled

The regularly scheduled meeting of the Treasure Island Development Authority of October 10, 2001 has been cancelled. A special meeting has been scheduled for October 17, 2001 at 9AM in the Board of Supervisors Chambers in City Hall.

The next regularly scheduled meeting will be on November 14, 2001 at 1:00 PM.

11-74-001 11/17/01
DOCUMENTS DEPT.

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<http://www.ci.sf.ca.us/ethics/>.

Know Your Rights Under the Sunshine Ordinance

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For more information on your rights under the Sunshine Ordinance [Chapter 67 of the San Francisco Administrative Code] or to report a violation of the ordinance, contact Donna Hall by mail at Sunshine Ordinance Task Force at City Hall, Room 244, 1 Carlton B. Goodlett Place, San Francisco, CA 94102-4683. The Task Force's telephone and fax numbers are (415) 554-7724 and (415) 554-7854 (fax) or by email at donna_hall@ci.sf.ca.us. Copies of the Sunshine Ordinance can be obtained from the Clerk of the Sunshine Task Force, the San Francisco Public Library and on the City's website at www.ci.sf.ca.us.

Treasure Island Development Authority

410 Palm Avenue, Building 1, 2nd Floor

Treasure Island

San Francisco, CA 94130



Ms. Susan Hom
Government Info Center
Main Library
100 Larkin St.
San Francisco CA 94102

The regular meetings of the Treasure Island Development Authority are held the 2nd Wednesday of each month at 1 p.m. in Hearing Room 400 in City Hall, 1 Dr. Carlton B. Goodlett Place. The next regular meeting is Wednesday, November 14, 2001.

A binder of supporting material is available for public viewing at the Mayor's Treasure Island Project office, 410 Palm Avenue, on Treasure Island and at the Government Information Center reference desk, Main Library, Civic Center.

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410 AVENUE OF THE PALMS
BUILDING 1, 2ND FLOOR
TREASURE ISLAND
SAN FRANCISCO, CA 94130
(415) 274-0660
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**TREASURE ISLAND DEVELOPMENT AUTHORITY
SPECIAL MEETING AGENDA
Wednesday, October 17, 2001 9 A.M.**

DOCUMENTS DEPT.

OCT 12 2001

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Board of Supervisors Chambers, City Hall
1 Dr. Carlton Goodlett Place

Willie L. Brown, Jr., Mayor

DIRECTORS

John Elberling, Vice-Chairman
William Fazande
Marcia Rosen
Claudine Cheng

Gerald Green
Susan Po-Rufino
Doug Wong

Annemarie Conroy, Executive Director
London Breed, Commission Secretary

ORDER OF BUSINESS

1. Call to Order and Roll Call
2. Approval of Minutes (*Action Item*)
3. POSSIBLE CLOSED SESSION
 - Public Comment on all items relating to closed session
 - Vote on whether to hold closed session to confer with legal counsel. (San Francisco Administrative Section 67.11(b). (*Action Item*))
4. CLOSED SESSION – (*Discussion Item*)
 - (a) CONFERENCE WITH REAL PROPERTY NEGOTIATOR

Property: Treasure Island Naval Base
Persons negotiating: Annemarie Conroy, Michael Cohen, Stephen Proud
Under Negotiation:
Price ____ Terms of payment ____ Both X
Negotiating parties: U. S. Navy and Treasure Island Development Authority
5. Reconvene in open session: (*Action Item*)
 - Possible report on action taken in closed session. (Government Code Section 54957.1 (a) (2) and San Francisco Administrative Code Section 67.14.(b) (2).)
 - Vote to elect whether to disclose any or all discussions held in closed session (San Francisco Administrative Code section 67.14 (a).)

6. Communications (*Discussion Item*)
7. Report of the Treasure Island Project by Executive Director Annemarie Conroy (*Discussion Item*)
 - Report on access to Treasure Island including public use last month
 - Status of environmental clean up
 - Report on short-term leases
 - Report on San Francisco-Oakland Bay Bridge/Caltrans issues
 - Report on Treasure Island community issues
 - Report on Citizens Advisory Board
 - Report on TIHDI
 - Financial Report
 - Legislation/hearings affecting Treasure Island
8. General Public Comment (*Discussion Item*)
9. Ongoing Business by Directors and Introduction of New Business by members (*Discussion Item*)
10. Resolution Authorizing the Executive Director to Enter into a Lease Between the Treasure Island Development Authority and the United States Navy for the Childcare Center on Treasure Island. (*Action Item*)
11. Resolution Authorizing the Executive Director to Enter into a Sublease between the Treasure Island Development Authority and Tri-Cities Children's Centers for the Childcare facility on Treasure Island. (*Action Item*)
12. Resolution Authorizing the extension of a Use Permit for an additional three months for use of Pier 1 with Power Engineering Contractors, Inc. (*Action Item*)
13. Resolution Authorizing the Executive Director to execute a contract with San Francisco Community Recyclers for the deconstruction of Buildings 128, 129, 130 and 131 on Treasure Island. (*Action Item*)
14. Resolution Authorizing the Executive Director to Issue a Focused Request for Proposal (RFP) to Treasure Island Community Development (TICD) and a Presentation of the Timeline Associated with the RFP. (*Action Item*)
15. Resolution Approving the Cooperative Agreement with the United States Navy for the Period October 1, 2001 through September 30, 2002 for \$145,000. (*Action Item*)
16. Adjourn

Disability Access

The Treasure Island Development Authority will meet at City Hall, 1 Dr. Carlton Goodlett Place. City Hall is accessible to persons using wheelchairs, and others with disabilities. For American Sign Language interpreters or use of a reader during a meeting, a sound enhancement system, and/or alternative formats of the agenda and minutes, please telephone 554-6789 at least 72 hours before a meeting.

In order to assist the City's efforts to accommodate persons with severe allergies, environmental illnesses, multiple chemical sensitivity or related disabilities, attendees at public meetings are reminded that other attendees may be sensitive to various chemical based products. Please help the City accommodate these individuals

The closest accessible BART is Civic Center, three blocks from the City Hall at the intersection of Market, Grove and Hyde Streets. Accessible MUNI lines serving this location are: #42 Downtown Loop, 9 San Bruno and the #71 Haight/Noriega. Accessible Muni Metro lines are J, K, L, M and N stopping at the Muni

Metro Civic Center Station at Market and Van Ness. For more information about MUNI accessible services, call 923-6142. Accessible curbside parking is available on Grove Street.

TREASURE ISLAND WEBSITE

Check out the Treasure Island website at www.ci.sf.ca.us/treasureisland to find out about activities and facilities on Treasure Island, special events venues for rent, or to review the Treasure Island Development Authority's agendas and minutes.

Lobbyist Ordinance

Individuals and entities that influence or attempt to influence local legislative or administrative action may be required by the San Francisco Lobbyist Ordinance [SF Administrative Code 16.520-16.534] to register and report lobbying activity. For more information about the Lobbyist Ordinance, please contact the Ethics Commission at 1390 Market Street, #701, San Francisco, CA 94102, telephone (415) 554-9510, fax (415) 703-0121 and web site <http://www.ci.sf.ca.us/ethics/>.

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Notes



Notes

**Minutes of Meeting
Treasure Island Development Authority
September 12, 2001**

1. Call to Order: 1:07 PM

Roll Call	Present:	John Elberling, Vice-Chairman Gerald Green William Fazande Susan Po-Rufino Marcia Rosen Claudine Cheng Doug Wong (1:09 PM)
-----------	----------	--

2. Approval of Minutes: Ms. Cheng points out an omission in the minutes of the last meeting. The minutes of July 11, 2001 are amended to reflect the fact that staff was asked to present the findings of the analysis conducted by Bay Area Economics to assess developer concerns related to the primary developer RFQ process and the impact of those findings on future solicitation efforts. Minutes of July 11, 2001 are approved as amended with one abstention.

3. Communications: London Breed, Commission Secretary, reports there are no communications.

4. Director's report given by Executive Director, Annemarie Conroy.

Ms. Conroy welcomes the new commissioner, Marcia Rosen, Director of the San Francisco Redevelopment Agency. Ms. Conroy discussed the events of September 11, 2001 and their impact on Treasure Island.

- Public Access - Ms. Conroy reported on special event activities and open access to Treasure Island.
- Environmental Cleanup - The Environmental Engineering and Cost Analysis are making decisions on final cleanup actions. Staff will negotiate and make changes with the Navy next week in regard to Site 12 and the final close out of Site 12.
- Short Term Leases - Sean Penn will be bringing a movie to Treasure Island next week.
- Bay Bridge - Beginning Sunday morning, September 16, 2001, the West Bound deck of the Bay Bridge will be closed from 1 AM to 5 AM for about a month for construction purposes.
- Community Issues: Sherry Williams of TIHDI is planning their third annual resident picnic. Last year there were 700-900 participants and they expect 1500 this year. Finally, Job Corps is looking for an operator of a small store at the Job Corps Facility.
- Citizen Advisory Board - The CAB had a meeting to discuss timelines for the RFQ/RFP. There are also two new appointees to the Board that are mayoral appointees.
- TIHDI - There is an action item on the agenda regarding a \$100,000 contract with TIHDI.
- Finance Report next month.
- Legislation/Hearing affecting TI - There are no new hearings or legislation affecting TI.

Mr. Elberling asked if the Authority has any outstanding issues with DTSC regarding cleanup. Ms. Conroy states we are working closely with DTSC and the Navy to bring the TIHDI units online.

Mr. Elberling asked how many units are awaiting clearance from DTSC and/or the Navy. Ms. Conroy replied that there are 96 units for TIHDI and 140-150 John Stewart units.

5. General Public Comment

Sherry Williams, executive director of TIHDI, explains that the resident picnic is a chance for all residents of the island, Job Corps, TIHDI, Delancey Street, John Stewart residents, to come together. The date is October 20, 2001 from 11 AM to 3 PM, and everyone is invited to stop by.

Peter Hay, TI resident, who works with a group called Homes on Treasure Island expressed that he would like to develop a limited equity co-op on the island.

6. Ongoing Business by Directors - Mr. Elberling asked counsel when is the next time they should have elections for officers of the commission. Mr. Cohen replied that he would check the by-laws and report back at the October meeting.
7. Resolution authorizing the second amendment to the sublease between the Authority and California Engineering Contractors, Inc., to add approximately 71,400 square feet to the subleased premises.

Ms. Breed points out a correction to line 13, instead of 3,444 square feet, it should be 22,960 square feet. Ms. Breed provides background information on the property that CEC currently uses. Currently, CEC is requesting additional space to store steel and park vehicles. The area is currently leased to the Authority under the land and structures master lease and CEC is interested in 71,400 square feet bounded by Avenue I, Avenue H, 13th Street and 11th Street. The Authority will continue to charge 15 cents/square foot resulting in an additional \$10,710 month in base rent. CEC currently pays \$25,444/mo. This would increase to \$36,154 with the additional space for annual revenue of \$433,848. If approved, CEC will be required to follow the original guidelines of the sublease. The only changes would be the increase in monthly base rent and an increase in the security deposit from \$44,000 to \$66,000. Staff recommends approval.

Mr. Green questions the condition of the current leased areas, asks for pictures of the sites to see the upkeep, landscaping. Mr. Green expresses continued concern of the aesthetics of all of these vehicles and equipment in full sight. Ms. Conroy states that the Navy will not allow vehicles to be parked on non-paved land. The Navy wanted this new parcel to be non-slatted fencing so they could monitor what's inside the non-paved fenced areas. CEC has been a good tenant and will put up slats or canvas or whatever is necessary.

Wahid Tadros, president of CEC, explains that CEC originally leased the sight for construction trailers, which are temporary buildings that house the staff. They use the yard to store the steel that is used to retrofit the bridge and some equipment. He states that they keep the yard clean, have organized pathways and equipment and vehicles are stored in an orderly fashion. It is an operational yard, not a storage yard. He explains that with more steel coming in, in order to keep things organized they need more space.

Mr. Green moved approval. Fazande Seconded. Approved 7-0

8. Resolution authorizing the extension of a use permit for an additional six months with CEC for use of Pier 1. Marianne Conarroe, TIDA staff, states that CEC uses the space twice a day to transport workers to and from the bridge.

Fazande moved approval. Rosen seconded. Approved 7-0

9. Resolution authorizing the Executive Director to execute a contract with the Treasure Island Homeless Development Initiative for the period July 1, 2001 through June 30, 2002, for an amount not to exceed \$100,000.

Ella Arbuckle, Finance Manager, states this is a recurrent contract that TIDA has consistently authorized since TIHDI was organized. It reflects a \$25,000 annual increase in support for TIHDI. This increase was initially approved by TIDA last December when we did a six-month contract to connect TIHDI with the City's fiscal year at which time they got a \$12,500 increase for that six-month period. TIHDI operates a job broker system and coordinates the housing development and opportunities on Treasure Island.

Ms. Conroy states TIHDI has done an excellent job managing all of their programs.

Sherry Williams, TIHDI, explained that the funds represent staff salaries and some operating expenses towards the coordination and implementation of the homeless assistance plan for Treasure Island. Ms. Williams lists

some of TIHDI's achievements with the allocated funds last year:

Rosen moved approval. Green seconded. Approved 7-0

10. Discussion of the findings of the analysis conducted by Bay Area Economics to assess developer concerns related to the primary developer request for qualifications process and the impact of those findings on future solicitation efforts.

Stephen Proud, Director of Development, states that this is basically a presentation by Bay Area Economics on the finding of a consultant's report that was conducted and a discussion with the TIDA Board seeking direction on a path forward for staff to proceed with the primary developer solicitation process. Mr. Proud discusses the history of the RFQ process leading up to the current date. Conclusions were reached by that process deeming that one of the two teams was deemed qualified based on the evaluation criteria set forth in the RFQ and the second team was found deficient in some areas. After discussion with the Authority, it was resolved that two actions should occur. First, for staff to go back and assess what the developer concerns were with the development process and opportunity of the Island and what we could do to make the process more attractive to the development community should we re-solicit the opportunity. The second was, based on the information that was gleaned from that analysis, the Authority would evaluate options in moving forward with the expectation that we would prepare and issue some type of further solicitation. We solicited the services of BAE to conduct the study and do the assessment of the developer concerns.

Marie Jones, senior associate with BAE, replied that the methodology was to come up with some recommendations for the Authority to move forward with the selection of a master developer. They interviewed five developers for the process in August 2001. All had national reputations and experience with mixed use projects such as this one and all agreed to be interviewed by BAE for this process. They expressed concerns over the economic feasibility, the enormity of the project, the limitations of the Tidelands trust and transfer and concerns about access and transportation to the Island. They feel the Authority has 3 options: 1) Issue a focused RFP to the qualified developer (TICD), 2) Issue a modified RFQ/RFP that addresses some of the financial feasibility concerns (seismic issues) and 3) Reissue a new RFQ/RFP after the Authority has undergone some of the pre-development activities.

Mr. Proud states that based on BAE's report, staff recommends the Authority issue a focused RFP to Treasure Island Community Development that requires them to submit detailed information about their development proposal and that would allow us to thoroughly evaluate that proposal before entering into an exclusive negotiating agreement.

Tom Burbank, Vice President of United Native Depository Corporation, states they are the controlling parties of Navillus, LLC, and the second competing bid that responded to the RFQ/RFP. He disagrees with Mr. Proud's suggestion. He thinks the process should be opened up with another RFQ/RFP or an extension of dates for qualifications should be put forward.

Mr. Proud states we have not extended the initial proposal process and the ability to submit additional qualifications for the original RFQ process that was established. There were opportunities beyond the February deadline to submit additional qualifications. Materials were submitted to our office up until and including the date we held our commission meeting in July 2001. From that date to today we have not accepted any materials from either team as part of the RFQ/RFP process.

Ms. Conroy states there was very thorough questioning by the independent consultants of each of the teams. One team appeared qualified and the other clearly was not and that was apparent to the consultants. Both teams had ample time to submit additional qualifications and financial statements to the development team.

Mr. Proud clarifies that the two who responded to the RFQ were not part of the five evaluated by BAE. Two of

the five indicated they would take a second look at a new RFP that might be issued, a third said they would not bid unless the Authority undertook some significant pre-development activities to address some of the concerns.

Mr. Elberling asked how much money have we invested in the RFP/RFQ process excluding staff time. Mr. Proud replies about \$150,000.

Mr. Cohen states it has been the City's practice, especially on large projects, that part of the price of entering into an ENA is to pay the City staff's budget and that includes its consultants. If TICD were selected, that would be part of the cost of going forward under the ENA. From a cost perspective, the recommendation of BAE is the cheapest option to get to the ENA. Once you got to the ENA, the requirement that the developer fund not only its own efforts but that of City staff would provide the source of that financing.

Ms. Cheng states that the last time we decided to move ahead in the direction we did, to have additional studies, there were two major concerns shared by both the Authority and the staff. 1. Look into enhancing competition and 2. How do we get the best deal for the City. It sounds like staff is satisfied on both counts from their current recommendation.

Mr. Proud says he is quite satisfied on both counts in the sense we did not get any findings that would lead us to believe that we would have an outpouring of new proposals that would increase the level of competition in the project. The second is more difficult to address in terms of how do we get the best deal for the City when we have only one developer in the mix. Staff needs direction to issue a focused RFP where we would require a commitment of pre-development dollars to the process, and a proposal that would outline what the land use would be and what the significant business terms of the deal would be. Their incentive is to present a satisfactory deal that maximizes all the things the Authority would like to see, and if they do they enter into an ENA for the property and the right to develop the property. That is the strategy we are looking at to satisfy the second condition.

Ms. Cheng asked what the timeline will be. Mr. Proud replied that a focused RFP is a shorter road than issuing a new RFP or if we take time to address some of the pre-development issues. We had a meeting with the Citizens Advisory Board on Thursday of last week. One of the goals of that meeting was specifically to talk about timelines for the RFP process. I heard the Authority's concern at the last meeting that we be as expeditious as possible as we move through the process. The CAB's principal concern is that the reuse plan that was prepared in 1996 is starting to get a little old. It was a broadly drawn document, a lot of policy statements and directives. It could use some refinements on the policy side. We would like to give the CAB a copy of the RFP for their next meeting, October 18. Let their planning and development subcommittee meet a couple of times to discuss the substantive issues and then come back to the full CAB in November for their final approval before we bring it to the TIDA Board in December. That is the timeline we have put together predicated on the staff's recommendation today.

Ms. Cheng would like to make sure that there is time for public comment within the timeframe. Mr. Proud states there will be about five opportunities for citizen input. The CAB and the TIDA Board meetings are both public forums. We'll also be sending copies of the RFP to City departments and other public agencies during this timeframe.

Mr. Proud states the CAB did not see the report. He presented the findings of the report and the three options contained in the report. There was a lot of discussion. We have not heard a formal position from them. They could see the value of moving forward with a focused RFP to a single entity that has already been pre-qualified. Our infrastructure is aging and it would be nice to have someone in here taking over the property management responsibilities.

Mr. Elberling asks counsel to present a written memo that makes it clear that if we proceed in this manner we will have satisfied the competitive bidding requirement.

Mr. Cohen views staff recommendation as a continuation of the competitive process that the Authority Board already approved notwithstanding the fact that only one was qualified. The Authority presented this opportunity, marketed it widely around the world, and based on that we are simply doing what we said we would do in the original RFQ, which is whoever is selected gets to respond to an RFP.

Ms. Rosen asks about the timeline for the adoption of the redevelopment plan, if it would be after we have or just prior to a DDA adoption if supplemental environmental review were necessary from the point of the EIR conveyance. Mr. Proud states we have a draft preliminary report that is available to staff. We are moving slowly on the redevelopment plan in large part because it is hooked to the EIS and the conveyance and we do not want to get too far ahead of the EIR process.

Ms. Rosen replies that this developer has simply met one hurdle of minimum qualifications and all the authority rests with the development authority to reject all proposals if we do not believe the proposal is competitive or meeting the minimum public benefit standards the Authority establishes through the RFP. I am supporting the staff recommendation because I believe it is in the public interest to move forward expeditiously with a developer who is found to meet the minimum qualifications.

Mr. Elberling would like the October meeting to start off in executive session to update us on the Navy negotiations. That way we'll be fully briefed on all the federal aspects.

Mr. Green agrees with Ms. Rosen that we need to move forward. He thinks there are opportunities here to control the project and states he would support the staff's recommendation.

Ms. Cheng agrees with Mr. Green that we move forward with the process.

11. Closed Session--Conference with legal counsel--existing litigation.

Mr. Green moved a motion to recess and reconvene in closed session. Cheng seconded. Approved 7-0

12. Reconvene in open session.

Mr. Elberling asks the Director for any report on action in closed session. Mr. Cohen states the report is that the TIDA board unanimously approved the settlement, which was notice for the closed session.

Rosen made a motion to not disclose. Cheng seconded. Approved 7-0

13. Adjourned 3:38PM





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AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Authorizing the Executive Director
To Execute a Lease with the U.S Navy
For the Childcare Center on Treasure Island

Agenda Items No. 10 + 11
Meeting of October 17, 2001

Resolution Authorizing the Executive Director
To Execute a Sublease with the Tri-Cities Children's
Center for the Childcare Center on Treasure Island

Contact/Phone: Stephen Proud, Deputy Director
London Breed, Development Specialist
274-0660

SUMMARY OF PROPOSED ACTION:

These two resolutions authorize the Executive Director to execute a lease with the United States Navy for the Childcare Center on Treasure Island (Building 502) and to sublease that same space to the Tri-Cities Children's Center.

BACKGROUND

In July 2001, the Treasure Island Homeless Development Initiative (TIHDI) issued a Request for Proposals (RFP) to operate the Childcare Center on Treasure Island. A review committee established by TIHDI assessed the organizational capacity, experience, financial plan, and other relevant information of each of the respondents to the RFP. Based on that review, the committee determined that Tri-Cities Children's Centers (TCCC) was the respondent best suited to operate the Childcare Center on Treasure Island.

Under the terms of the Homeless Assistance Agreement for Treasure Island, TIHDI may request a sublease with the Authority for use of the Childcare Center on Treasure Island once "funding for operations and adequate operator experience is demonstrated." Through the RFP process, TIHDI has identified an operator that meets the requisite criteria. Thus, TIHDI on behalf TCCC has requested a sublease for the Childcare Center (Building 502) to serve the needs of TIHDI member organizations as well as the general public's need for childcare services on Treasure Island (the premises for the Center is shown on Exhibit A to the Master Lease).

The proposed Childcare Center on Treasure Island will serve approximately 12 infants, 16 toddlers and 64 preschool age children. The center is expected to operate from 7:00am to 6:00pm. Working with funding sources identified by TIHDI, TCCC will invest approximately \$850,000 for capital improvements and initial startup expenses. These costs include, but are not limited to:



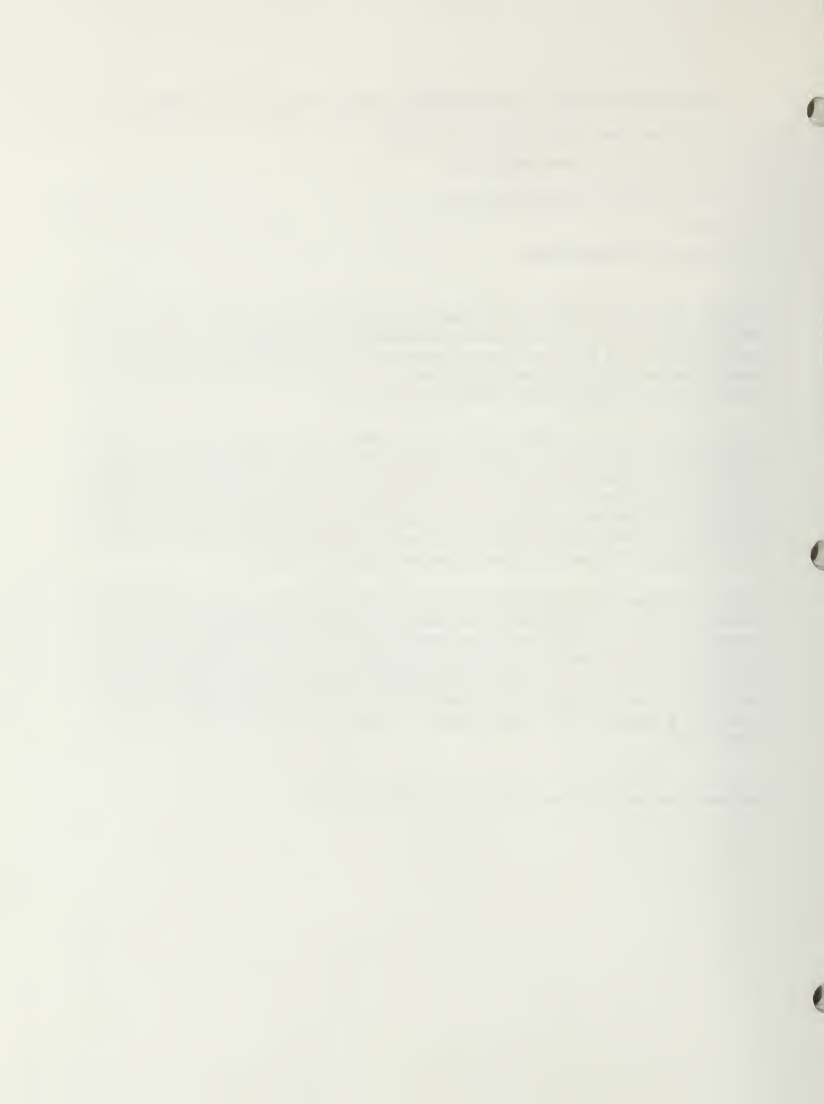
- Renovations to the Facility (carpet replacement, painting, roof repairs, code compliance, etc.)
- Renovations/Replacement of Exterior Play Areas
- Design and General Contracting Services
- Equipment (tables, chairs, highchairs, etc.)
- Supplies
- Staff Recruitment and Training

Currently the Childcare Center is not leased to the Authority and the United States Navy is willing to lease Building 502 and the surrounding parking to the Authority for a five-year term, which begins October 1, 2001 and expires September 30, 2005. If the Authority approves the Master Lease, staff will finalize lease negotiations with THIDI for the facility that includes a no-cost lease and a five-year term with several buy-out provisions.

At the present time, the Authority does not have a lease with the United States Navy for the property under consideration. By approving the resolutions under consideration, the Authority would: (i) authorize the Executive Director to execute a lease with the Navy to for the Childcare Center; and (ii) authorize the Executive Director to execute a sublease with Tri-Cities Children's Center for use of the Center. The Master Lease with the Navy is similar to other Master Leases between the U.S. Navy and the Authority for property on Treasure Island. It has a five (5) year term that begins on October 1, 2001, and expires on September 30, 2006.

Exhibit A (attached to the resolution) provides the general terms for the sublease with Tri-Cities Children's Centers. It is important to note that the Center will be subleased to TCCC at no charge (per the Homeless Assistance Agreement) and that TCCC will be responsible for all costs associated with the maintenance and operation of the facility. The term of the proposed sublease is five years; however, if in the course of implementing an approved redevelopment plan for the base there is a need to utilize the Childcare Center, the Authority may exercise a "buy out" option that reimburses THIDI's capital partners for initial costs associated with bringing the facility on-line.

Recommendation: Staff recommends approval of both resolutions.



1 [Childcare Center Lease]

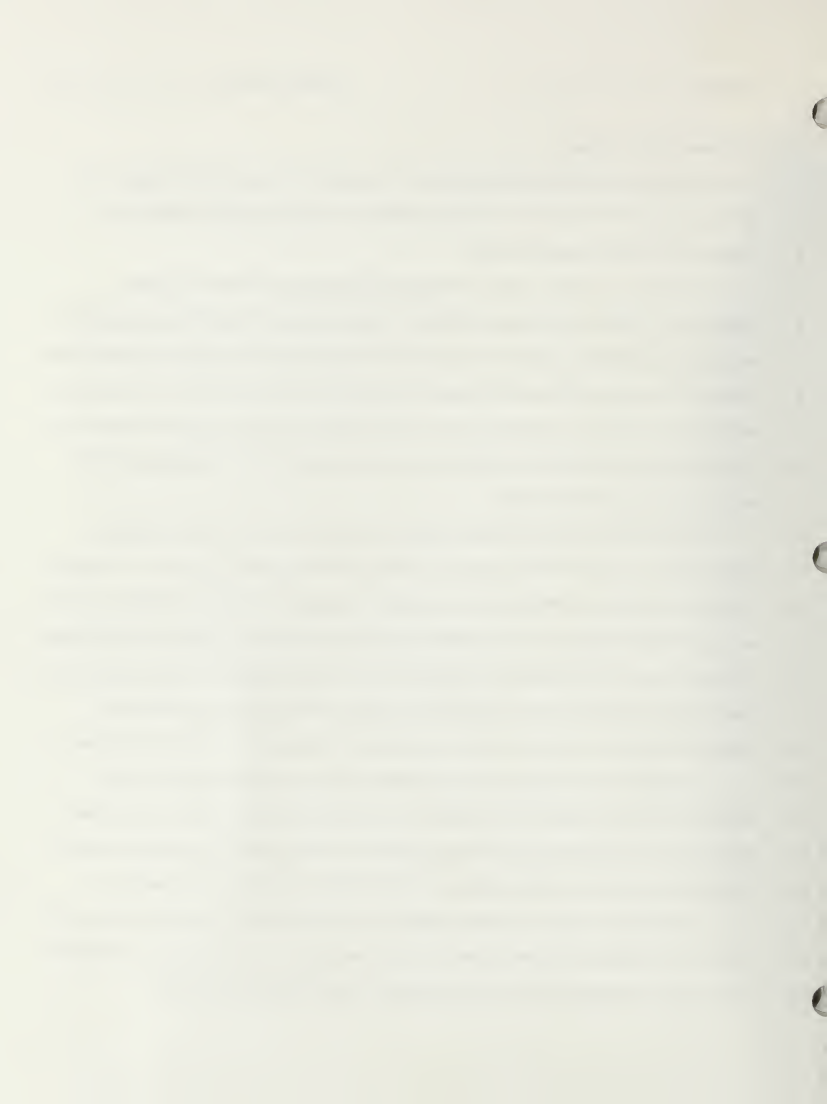
2 AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A LEASE BETWEEN THE
3 AUTHORITY AND THE UNITED STATES NAVY FOR THE CHILDCARE CENTER ON
4 TREASURE ISLAND (BUILDING 502).

5 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
7 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
8 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
9 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
10 the public interest, convenience, welfare and common benefit of the inhabitants of the City
11 and County of San Francisco; and,

12 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
13 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
14 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
15 as a redevelopment agency under California redevelopment law with authority over the Base
16 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
17 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
18 administer the public trust for commerce, navigation and fisheries as to such property; and,

19 WHEREAS, The Tidelands Trust prohibits the sale of trust property into private
20 ownership, generally requires that Tidelands Trust property be accessible to the public and
21 encourages public-oriented uses of trust property that, among other things, attract people to
22 the waterfront, promote public recreation, protect habitat and preserve open space; and

23 WHEREAS, In order to facilitate productive reuse of the Base, it may be beneficial for
24 the Authority to lease or license property from the Navy and, in turn, sublease or sublicense
25 such property to third-parties or use such property for municipal purposes; and



1 WHEREAS, The Authority and the Navy have negotiated the terms and conditions of a
2 lease for five (5) years for the Childcare Center (Building 502) and the adjacent parking lot
3 (approximately 3.11 acres) substantially in the form of the Childcare Center Lease attached to
4 this resolution as Exhibit A; and

5 WHEREAS, The Childcare Center Lease provides that the Authority may lease the
6 premises to TIHDI for 5 years for the operation of a childcare center; and

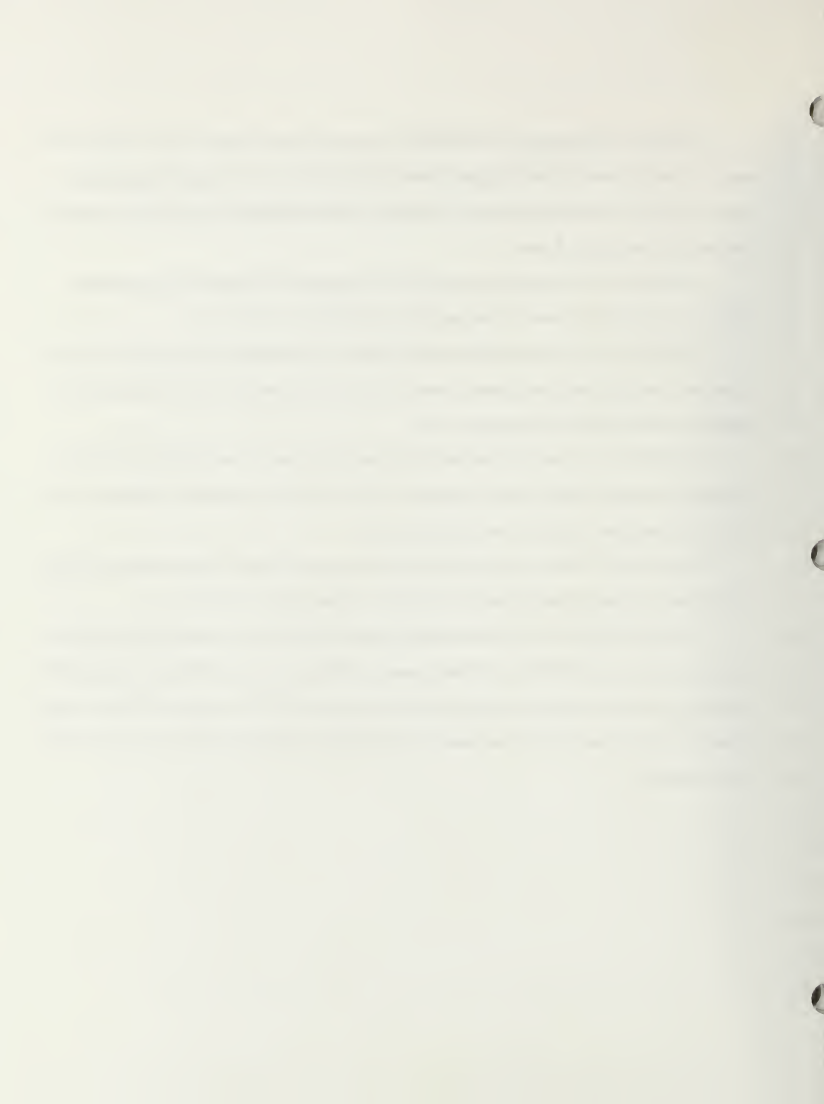
7 WHEREAS, Under the Childcare Center Lease, the Authority is not required to pay rent
8 to the Navy and the Navy has agreed to waive Common Area Maintenance Charges (CAM)
9 associated with the use of the property; and

10 WHEREAS, In connection with the Childcare Center Lease, the Authority indemnifies
11 and holds harmless the Navy from any losses or claims suffered by the Navy arising out of the
12 Authority's use of the Property; now, therefore, be it

13 RESOLVED, That the Authority hereby approves and authorizes the Executive Director
14 to enter into on behalf of the Authority the Childcare Center Lease; and, be it

15 FURTHER RESOLVED, That the Authority authorizes the Executive Director to enter
16 into modifications to the Childcare Center Lease (including, without limitation, the attachment
17 of exhibits) that are in the best interests of the Authority and the City, do not materially change
18 the terms of the Lease, and are necessary and advisable to effectuate the purpose and intent
19 of this resolution.

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2 CERTIFICATE OF SECRETARY

3 *I hereby certify that I am the duly elected and acting Secretary of the Treasure Island*
4 *Development Authority, a California nonprofit public benefit corporation, and that the above*
5 *Resolution was duly adopted and approved by the Board of Directors of the Authority at a*
6 *properly noticed meeting on October 17, 2001.*
7

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9 John Elberling, Secretary
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LEASE

BETWEEN

THE UNITED STATES OF AMERICA

AND

TREASURE ISLAND DEVELOPMENT AUTHORITY

FOR

CHILDCARE CENTER (BLDG 502)

NAVAL STATION TREASURE ISLAND

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LEASE
BETWEEN
THE UNITED STATES OF AMERICA
AND
THE TREASURE ISLAND DEVELOPMENT AUTHORITY

THIS LEASE, made as of this _____ day of _____, 2001, is by and between THE UNITED STATES OF AMERICA, acting by and through the Department of the Navy, herein called "Government", and the TREASURE ISLAND DEVELOPMENT AUTHORITY, herein called "Lessee";

WITNESSETH:

WHEREAS, Government has declared certain real and personal property, as more particularly described as the Leased Premises in Paragraph 1, surplus at the Naval Station Treasure Island, San Francisco, California, (the "Installation"), and Lessee has identified an immediate need to use such real and personal property; and

WHEREAS, the Secretary of the Navy, pursuant to the provisions of 10 U.S.C. § 2667 (f)(1), has determined that this Lease will facilitate state and local economic adjustment efforts pending final disposition of the Leased Premises; and

WHEREAS, the Secretary of the Navy, pursuant to 10 U.S.C. § 2667 (f)(2) has determined that a public interest will be served as a result of this Lease, the fair market value of the Lease is either unobtainable or not compatible with such public benefit, and consequently, consideration for this Lease will be at less than fair market value; and

WHEREAS, the Secretary of the Navy, after consultation with the Environmental Protection Agency Administrator has determined that the Leased Premises is suitable for lease, and the uses contemplated for the Lease are consistent with protection of human health and the environment; and

WHEREAS, Lessee is recognized by the Secretary of the Defense, through the Office of Economic Adjustment, as the local redevelopment authority with the responsibility for the redevelopment of the Installation; and

WHEREAS, Lessee is a municipal corporation, created and organized under the laws of the State of California, with the power to acquire, lease and dispose of federal military installations, and Lessee desires to enter into this Lease to further reuse efforts at the Installation.

NOW THEREFORE, in consideration of the terms, covenants, and conditions set forth in this Lease, Government and Lessee hereby agree as follows:

1. LEASED PREMISES:

Subject to the terms and conditions of this Lease, Government does hereby lease, rent, and demise to Lessee, and Lessee does hereby hire and rent from Government, Buildings 502 and the surrounding premises, as shown on Exhibit A, consisting of approximately 3.11 acres, attached hereto, together with all improvements; and all personal property described in Exhibit B attached hereto, and all rights of ingress and egress to such real property (together, the "Leased Premises").

2. TERM:

The term of this Lease shall be for a period of 5 years beginning on 1 October 2001 and ending on 30 September 2005, unless sooner terminated in accordance with the provisions of Paragraph 14, Termination.

3. CONSIDERATION:

3.1 As consideration for this Lease, Lessee agrees to (i) actively market the Installation and attempt to sublease those portions of the Leased Premises which are suitable for subleasing, (ii) provide protection and maintenance to the extent described in Paragraph 12 for those portions of the Leased Premises which are or have been during the term of this Lease used or occupied by Lessee or subleased by Lessee to another and (iii) pay Government the Common Services Charge described in Sections 3.1.2 and 3.1.3 below.

3.1.1 As additional consideration, subject to annual appropriations by Lessee's Board of Supervisor's, Lessee shall apply any Revenue (as defined herein) received from subleasing the Premises as follows: first, to reimburse itself for marketing and property management expenses incurred by Lessee; and second, for expenses incurred by Lessee for improvements to the Installation. If sufficient funds for the purposes described in this Section 3.1.1 are not appropriated for any reason in any fiscal year of Lease after the fiscal year in which the Term of this Lease commences, then Government may terminate this Lease, without liability, upon thirty (30) calendar days written notice.

"Revenue" as referred to herein means rental income and any other miscellaneous income derived from the subletting of the Leased Premises less (i) sales tax, use and occupancy tax, franchise tax and any other taxes, building fees, planning fees and inspection fees related to the use and occupancy of the Leased Premises, and (ii) Lessee's cost of operating, maintaining, protecting and repairing the Leased Premises including, without

limitation, any Common Services Charges paid to Government pursuant to this Section 3.1.

3.1.2 Lessee shall be responsible for paying the cost of services incurred by Government and provided for the benefit of Lessee and sublessees as described and in the amount set forth in Paragraph 3.1.3 (the "Common Services Charge"). Lessee shall pay Government the Common Services Charge on the first day of each month.

3.1.3 The Common Services Charge will be calculated as follows:

\$0.050 per square foot per month of occupied building space (1) used or occupied by Lessee; (2) subleased by Lessee to another.

\$0.003 per square foot per month of land area (1) used or occupied by Lessee; (2) subleased by Lessee to another.

The Common Services Charge may be revised by Government and Lessee on an annual basis, or at other times only upon mutual agreement of Government and Lessee or as required by Section 3.1.4 below.

"Common Services" for the purpose of the Common Services Charge shall include, but are not limited to: fire fighting; general perimeter security (this does not include security of those portions of Leased Premises which are (1) used or occupied by Lessee, (2) subleased by Lessee to another); causeway operations, maintenance and repair; maintenance and repair of roads, streets, sidewalks, curbs and gutters; operation, maintenance and repair of street lighting, street signals and signage; operation, maintenance and repair of storm sewer; pest control, and general administration of these services. Nothing in this Lease commits Government to continue to provide Common Services referenced herein.

3.1.4 If and to the extent Government reduces, modifies or ceases to provide all or portion of the Common Services described herein or to the extent Lessee assumes the responsibility for such Common Services pursuant to a cooperative agreement or other agreement with Government, the Common Services Charge shall be proportionately reduced, to an amount mutually agreed upon by Government and Lessee, so that at all times during the term of this Lease the amount of the Common Services Charge shall accurately and in substantially the same proportion as provided herein reflect the costs of Government in providing such Common Services.

3.1.5 If the Government expects to incur any unanticipated costs which are specifically attributable to an action or inaction of the Lessee, its sublessees, or assigns, the Lessee and the Government shall meet and confer on ways to avoid or mitigate such costs and, if the costs can not be entirely

avoided, the Lessee and Government shall mutually determine the amount that Lessee shall pay from revenue in addition to the Common Services Charge to defray those costs that cannot be avoided or mitigated. If the Lessee and Government are unable to reach agreement on a way to avoid or mitigate the unanticipated costs or the amount of compensation that the Lessee shall pay to the Government to defray such costs, their dispute shall be resolved in accordance with the provisions of Paragraph 23 of this Lease.

3.2 Consistent with standard accounting practices for tax purposes, Lessee shall keep adequate records and books of account showing the actual cost to it of all items of labor, material, equipment, supplies, services and other items of cost incurred by it directly in the performance of any item of work or service in the nature of marketing and management; the repair, restoration, protection and maintenance of Leased Premises which is required by Paragraph 12; or otherwise approved or directed by Government. Lessee shall provide Government with access to such records and books of account and proper facilities for inspection thereof at all reasonable times.

4. USE OF LEASED PREMISES:

4.1 The Leased Premises may be used and operated by Lessee as a childcare center. Lessee understands and acknowledges that this is not and does not constitute a commitment by Government with regard to the ultimate disposal of Leased Premises, in whole or in part, to Lessee or any agency or instrumentality thereof, or to any sublessee. The Lease may be terminated by Government or Lessee as provided by the terms of the Lease pursuant to Paragraph 14, and Lessee and Government agree to and acknowledge such terms.

4.2 Lessee shall not undertake any activity that may affect an identified historic or archeological property, including excavation, construction, alteration or repairs of Leased Premises, without the approval of Government. Buried cultural materials may be present on the Leased Premises. If such materials are encountered, Lessee shall stop work immediately and notify Government.

5. SUBLETTING:

5.1 Lessee shall not sublet the Leased Premises or any interest therein or any property thereon, or grant any interest, privilege or license whatsoever in connection with this Lease without the prior written consent of Government. Such consent shall not be unreasonably withheld or delayed. Each sublease shall contain or incorporate by reference the environmental protection provisions set forth in Paragraph 13 herein. Under no circumstance shall Lessee assign this Lease without Government's prior written consent, except that no consent shall be required in connection with an assignment of this Lease to a successor to Lessee which is the local redevelopment authority for the Installation

recognized by the Secretary of Defense, through the Office of Economic Adjustment.

5.2 Any sublease granted by Lessee shall contain a copy of this Lease as an attachment and be subject to all terms and conditions of this Lease and shall terminate immediately upon the expiration or any earlier termination of this Lease, without any liability on the part of Government to Lessee or any sublessee. Under any sublease made, with or without consent, the sublessee shall be deemed to have assumed the obligations of Lessee under this Lease that relate to the portion of the Leased Premises subleased to such sublessee. No sublease shall relieve Lessee of any of its obligations hereunder.

5.3 Lessee shall furnish Government, for its prior written consent, a copy of each sublease it proposes to execute. Such consent may include a requirement that Lessee renegotiate the sublease to conform with the provisions of this Lease. The determination by Government as to the acceptability of a particular sublease shall principally include approval of the sublessee with respect to its proposed uses of the Leased Premises, the capability of the sublessee to perform its obligations under the sublease, and the conformity of the sublease to the provisions of this Lease. Such consent shall not be unreasonably withheld or delayed. Consent to any sublease shall not be taken or construed to diminish or enlarge any of the rights or obligations of either of the parties under this Lease. Should a conflict arise between the provisions of this Lease and a provision of the sublease, the provisions of this Lease shall take precedence. Upon its execution, a copy of the sublease shall immediately be furnished to Government.

5.4 Either party hereto shall, from time to time during the Term, upon not less than twenty (20) calendar days' prior written notice from the other party, execute, acknowledge and deliver to the other party, or such persons or entities designated by such other party, a statement in writing certifying: (a) the

commencement date and expiration date of this Lease, (b) that this Lease is unmodified and in full force and effect (or, if there have been modifications, that the Lease is in full force and effect as modified and stating the modifications), (c) that there are no defaults under this Lease (or if so, specifying the same), (d) the dates, if any, to which the Common Services Charge and any other consideration required hereunder has been paid.

6. JOINT INSPECTION & INVENTORY REPORT:

6.1 Joint Inspection. Representatives of the Lessee and Government shall conduct a joint inspection of all portions of the Leased Premises to be (1) beneficially used or occupied by the Lessee; (2) assigned by the Lessee to another; or (3) subleased by Lessee to another for any purpose. Such inspections shall be completed before any such use begins and may include a representative of the sublessee if appropriate. Based on the joint inspection, a complete inventory of Government property located on the Leased Premises and a report of the condition of the Leased Premises, including the condition of improvements, appurtenances and personal property thereon, has been prepared and is attached to this Lease as Exhibit C.

6.2 No Warranty by Government. All facilities and property delivered to the Lessee shall be delivered "as is, where is," and, as such, the Government makes no warranty as to such facilities and property either as to their usability generally or as to their fitness for any particular purpose. As provided in Section 12 of this Lease, Lessee shall, at no expense to Government, maintain those portions of the Leased Premises which Lessee uses or subleases, and will from time to time make or cause to be made all necessary and proper repairs, replacements, and renewals which shall thereupon become part of the Leased Premises. During the term of this Lease, Government shall have no responsibility, financial or otherwise, except as otherwise described herein with respect to protection and maintenance of the Leased Premises.

6.3 In accordance with 32 CFR §91.7(h), governing the disposition of personal property at closing military bases, Personal Property shall be identified throughout the Installation for use in connection with redevelopment of the Installation. At no expense to Government, and only with Government approval, Personal Property may be relocated from other buildings to the Leased Premises in order to facilitate redevelopment, including exclusive use thereof by the sublessee during the Term of this Lease. Each inventory, upon completion, shall be identified by building or facility number, and signed and dated by both parties to this Lease and attached to this Lease as part of the Joint Inspection Report attached hereto as Exhibit C.

7. ENVIRONMENTAL BASELINE SURVEY AND FINDINGS OF SUITABILITY TO LEASE:

An Environmental Baseline Survey for Lease (EBSL) and a Finding of Suitability to Lease (FOSL) are attached to this Lease as Exhibit D and made part of this Lease. The EBSL sets forth the existing environmental conditions of the Leased Premises as represented by the baseline survey which has been conducted by Government. The FOSL sets forth the basis for the Government's determination that Leased Premises are suitable for leasing. Lessee is hereby made aware of the information contained in the FOSL attached hereto as Exhibit D and shall comply with applicable restrictions set forth therein.

8. ALTERATIONS:

8.1 Lessee shall not construct, make or permit its sublessees to construct or make any substantial alterations, additions, excavations, improvements to, installations upon or otherwise modify or alter the Leased Premises in any way, including those which may adversely affect the remediation of hazardous materials on the Installation (together, "Alterations") without the prior written consent of Government. Such consent may not be unreasonably withheld or delayed, but may involve, where reasonably necessary, a requirement for Lessee or Lessee's contractor to provide the government with a performance and payment bond satisfactory to it in all respects and other requirements deemed reasonably necessary to protect the interests of the Government.

8.2 Upon termination of this Lease, as directed by Government, Lessee shall, at the option of the Government either:

8.2.1 Promptly remove all alterations, additions, betterments and improvements made or installed and restore the Leased Premises to the same or as good condition as existed on the date of entry under this Lease, reasonable wear and tear and acts of God excepted; or

8.2.2 Abandon such additions or alterations in place, at which time title to such alterations, improvements and additions shall vest in Government.

8.2.3 In either event all personal property and trade fixtures of Lessee or any third person may be removed from the Leased Premises and Lessee shall repair any damage to the Leased Premises resulting from such removal.

9. ACCESS BY GOVERNMENT:

In addition to access required under Paragraph 13, at all reasonable times throughout the term of this Lease, Government shall be allowed reasonable access to the Leased Premises for any purpose. Government will give Lessee or any sublessee at least twenty-four (24) hour prior notice of its intention to enter the Leased Premises, unless it determines the entry is immediately required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against Government or any officer, agent, employee, contractor or subcontractor of Government. All keys to the buildings and facilities occupied by Lessee or any sublessee shall be made available to Government upon request.

10. UTILITIES AND SERVICES:

Procurement of utilities (i.e., electricity, water, gas, sewer, telephone and trash removal) will be the responsibility of Lessee. Lessee agrees to obtain needed utility services from any private or municipal supplier who should, during the term of Lease, become able to deliver such services to Leased Premises. In the event that Government shall furnish Lessee with any utilities or services maintained by Government which Lessee may require in connection with its use of Leased Premises, Lessee shall pay Government the cost incurred in providing such utilities or services in the amounts set forth in Exhibit E attached hereto, which rates shall be determined by Government and Lessee in accordance with applicable laws and regulations. Lessee, at no cost to Government, shall install metering devices for utilities serving the Leased Premises prior to its occupancy. The volume of utilities used by Lessee shall be determined by such metering devices. It is expressly agreed and understood that Government in no way warrants the continued availability, maintenance or adequacy of any utilities or services furnished to Lessee.

11. NON-INTERFERENCE WITH GOVERNMENT OPERATIONS:

Lessee shall not conduct operations nor make any alterations that would interfere with or otherwise restrict operations, environmental clean-up or restoration actions by Navy, Environmental Protection Agency (EPA), applicable state equivalent, or their contractors. Environmental clean-up, restoration or testing activities by these parties shall take priority over Lessee's use of Leased Premises in the event of any conflict. However, Government and Lessee agree to coordinate to minimize potential conflicts between necessary remediation of environmental contamination, including investigation and remedial actions, and Lessee's and any sublessee's use of Leased Premises.

12. PROTECTION AND MAINTENANCE SERVICES:

12.1 Except as otherwise specifically provided herein, Lessee shall furnish or cause to be furnished all labor, supervision, materials, supplies and equipment necessary to the operation, maintenance and repair of the following building systems and appurtenances located in or on the Leased Premises: structural (including roof), fencing, plumbing, electrical, heating and cooling systems; exterior utility systems (including fire hydrants and mains); pavement and grounds maintenance (including grass cutting, shrub trimming and tree removal); pest and weed control; security and fire protection within Leased Premises; refuse collection, removal and disposal; and utilities maintenance necessary for the protection of Leased Premises. Government shall not be required to furnish any services or facilities to Lessee or to make any repair or alteration in or to Leased Premises. Lessee hereby assumes the full and sole responsibility for the protection, maintenance and repair of Leased Premises set forth in this paragraph. For specifics as to such protection and maintenance required to be provided by Lessee hereunder, the following provisions shall apply:

12.1.1 The degree of maintenance and repair services to be furnished by Lessee hereunder shall be that which is sufficient to assure weather tightness, structural stability (excluding any seismic retrofit and/or modification to foundations resulting from extraordinary natural occurrences such as earthquakes, floods and landslides), protection from fire hazards or erosion, and elimination of safety and health hazards which arise during the term of the Lease and which are not caused by the actions of Government or its employees, contractors or agents, so that the Leased Premises being serviced will remain in the condition in which they existed at the commencement of the Lease as documented in the Joint Inspection and Inventory Report prepared pursuant to Paragraph 6, ordinary wear and tear and acts of God excepted. Prior to use and occupancy, Lessee shall correct the safety and health hazards described on Exhibit F.

12.2 During term of this Lease, debris, trash and other useless materials placed on the Leased Premises during the term of this Lease shall be promptly removed from the Leased Premises. Upon termination or expiration of this Lease, the Leased Premises shall be left without containers, Lessee's equipment, and other undesirable materials placed on the Leased Premises during the term of this Lease (except by Government) and in as clean condition as received by Lessee.

12.3 Lessee shall provide or cause to be provided all security services necessary to assure security and safety within the Leased Premises. Any crimes or other offenses, including traffic offenses and crimes and offenses involving damage to or theft of Government property, shall be reported to the appropriate authorities for their investigation and disposition and to Government as property owner.

12.4 Lessee shall take or cause to be taken, all reasonable and necessary fire protection precautions at the Leased Premises. Such precautions may include, but are not limited to, the maintenance of any sprinkler system that exists on the effective date of this Lease and/or the provision of portable fire extinguishers for fire protection of Leased Premises.

12.5 Lessee is responsible for the repair and maintenance of all interior utility systems and those exterior utility systems, distribution lines, connections and equipment which solely support the Leased Premises. This responsibility extends from the Leased Premises to the point of connection with the utility system which serves users other than Lessee.

12.6 Lessee shall ensure only trained and qualified persons are utilized in performance of the maintenance and protection services specified in this paragraph.

13. ENVIRONMENTAL PROTECTION PROVISIONS:

13.1 Lessee, sublessees and contractors shall comply with all applicable Federal, state and local laws, regulations and standards that are or may become applicable during the term of this Lease to Lessee's activities on the Leased Premises.

13.2 Lessee or any sublessee shall be solely responsible for obtaining, at no cost to Government, any environmental permits required for its operations under the Lease, independent of any existing permits held by the Government. Nothing in this Lease shall require Lessee to become a secondary discharger or co-permittee on any existing environmental permit held by Government relating to the operation of the Installation, including, without limitation, any environmental permits associated with the operation of the Installation's sewage treatment plant. Any and all environmental permits required for any of Lessee's or sublessees' operations or activities will be subject to prior concurrence of the Commanding Officer, Engineering Field Activity West, Naval Facilities Engineering Command. Lessee acknowledges that the Government will not consent to being named a secondary discharge or co-permittee for any operations or activities of the Lessee or any sublessee under the Lease. In the event the Government is named as a secondary discharger or co-permittee for any activity or operation of the Lessee or any sublessee, Government shall have the right to take reasonable actions necessary to prevent, suspend, or terminate

such activity or operation, including terminating this Lease, without liability or penalty.

13.3 Government's rights under this Lease specifically include the right for Government officials to inspect upon reasonable notice the Leased Premises for compliance with environmental, safety and occupational health laws and regulations, whether or not Government is responsible for enforcing them. Such inspections are without prejudice to the right of duly constituted enforcement officials to make such inspections. Government will give Lessee or sublessee twenty-four (24) hours prior notice of its intention to enter Leased Premises unless it determines the entry is immediately required for safety, environmental, operations or security purposes. Lessee shall have no claim on account of any entries against the United States or any officer, agent, employee, contractor or subcontractor thereof.

13.4 Government and its officers, agents, employees, contractors and subcontractors have the right, upon reasonable notice to Lessee and any sublessee, to enter upon the Leased Premises for the purposes enumerated in this subparagraph:

13.4.1 to conduct investigations and surveys, including, where necessary, drilling, soil and water sampling, testpitting, testing soil borings and other activities related to the Installation Restoration Program (IRP);

13.4.2 to inspect field activities of Government and its contractors and subcontractors in implementing the IRP;

13.4.3 to conduct any test or survey related to implementation of the IRP or environmental conditions at Leased Premises or verify any data submitted to EPA or applicable state equivalent by Government relating to such conditions;

13.4.4 to construct, operate, maintain or undertake any other response or remedial action as required or necessary under the IRP, including but not limited to monitoring wells, pumping wells and treatment facilities.

13.5 Lessee agrees to comply with the provisions of any health or safety plan in effect under the IRP during the course of any of the above described response or remedial actions. Any inspection, survey, investigation or other response or remedial action will, to the extent practicable, be coordinated with representatives designated by Lessee and any sublessee. Lessee and sublessee shall have no claim on account of such entries against the United States or any officer, agent, employee, contractor or subcontractor thereof. In addition, Lessee shall comply with all applicable Federal, state and local occupational safety and health regulations.

13.6 Lessee further agrees that if the Leased Premises are subject to ongoing environmental remediation by Government, during such period, Lessee shall provide to EPA and applicable state equivalent by certified mail a copy of any sublease of the Leased Premises within fourteen (14) calendar days after the effective date of such sublease. Lessee may delete the financial terms and any other proprietary information from the copy of any agreement of assignment or sublease furnished pursuant to this condition.

13.7 Lessee shall strictly comply with the hazardous waste permit requirements under the Resource Conservation and Recovery Act or its applicable state equivalent. Except as specifically authorized by Government in writing, Lessee must provide at its own expense such hazardous waste management facilities as required by its use of the Leased Premises, complying with all laws and regulations. Government hazardous waste management facilities will not be available to Lessee. Any violation of the requirements of this condition shall be deemed a material breach of this Lease.

13.8 DOD component accumulation points for hazardous and other waste will not be used by Lessee or any sublessee. Neither will Lessee or sublessee permit its hazardous wastes to be commingled with hazardous waste of DOD Component.

13.9 Before beginning operations on the Leased Premises, Lessee shall have a Government-approved plan for responding to hazardous waste, fuel and other chemical spills. Such plan shall be independent of the Installation plan and, except for initial fire response and/or spill containment, shall not rely on the use of Installation personnel or equipment. Should Government provide to the Leased Premises any personnel or equipment whether for initial fire response and/or spill containment, or otherwise on request of Lessee, or because Lessee was not, in the reasonable opinion of Government, conducting timely cleanup actions, Lessee agrees to reimburse Government for its reasonable and actual costs in association with such response or cleanup upon receipt of an invoice for such costs.

13.10 Lessee shall not conduct or permit its sublessees to conduct any subsurface excavation, digging, drilling or other disturbance of the surface without the prior written approval of Government, which consent shall not be unreasonably withheld or delayed.

13.11 To the extent required by law and regulation, Government shall abate, remove or otherwise remedy all friable, accessible and damaged asbestos containing material (ACM), lead based paint (LBP) and polychlorinated biphenyls (PCBs) from Leased Premises. The presence of known ACM, LBP or PCBs shall be fully identified in an Environmental Baseline Survey (EBS) and/or Supplemental Environmental Baseline Survey (SEBS), attached as an Exhibit.

13.11.1 Except as provided in Paragraph 13.11.2, Government is not responsible for any removal or containment of asbestos containing materials (ACM). If Lessee intends to make any improvements or repairs that require the removal of asbestos, an appropriate asbestos disposal plan must be incorporated into the plans and specifications and submitted to Government. The asbestos disposal plan will identify the proposed disposal site for the asbestos, or in the event the site has not been identified, will provide for disposal at a licensed facility authorized to receive it.

13.11.2 Government shall be responsible for the removal or containment of the ACM identified as requiring abatement shown on Exhibit G attached hereto as damaged or deteriorated ACM. Government agrees to abate these listed items of damaged or deteriorated ACM. Government may choose the most economical means of abating any damaged or deteriorated ACM, which may include removal, repair or containment (encapsulation), or a combination of removal, repair and containment. The forgoing obligation of Government does not apply to any ACM other than that identified in Exhibit G. Notwithstanding Paragraph 13.11.1 above, in an emergency, Lessee will notify Government as soon as practicable of its emergency ACM responses. Lessee shall be responsible for monitoring the condition of existing ACM on Leased Premises for deterioration or damage and accomplishing repairs or abatement pursuant to the applicable conditions of this Lease.

13.12 Lessee shall indemnify and hold harmless Government from any costs, expenses, liabilities, fines or penalties resulting from discharges, emissions, spills, storage or disposal arising from Lessee's occupancy, use or operations, or any other action by Lessee or any sublessee during the term of this Lease giving rise to Government liability under Federal, state or local environmental laws. Lessee's obligations hereunder shall apply whenever Government incurs costs or liabilities as a result of Lessee's activities or activities of any sublessee as provided hereunder. However, this indemnity does not extend to those damages which are due to the fault or negligence of Government or its contractors. This provision shall survive the expiration or termination of this Lease.

13.13 Storage, treatment or disposal of toxic or hazardous materials on the Leased Premises is prohibited excepted as authorized by Government in accordance with 10 U.S.C. § 2692.

13.14 The responsibility of Government to indemnify and hold harmless the Lessee and any sublessee against any toxic torts and other environmental claims shall be in accordance with Public Law 102-484, the National Defense Authorization Act for Fiscal Year 1993, Section 330, as amended.

13.15 If Lessee or a sublessee encounters pre-existing conditions caused by the Government which require the Government to take action in accordance with Federal, State or local law to remove, remediate, correct, or abate hazardous substances, pollutants or contaminants, the Lessee or sublessee shall promptly notify the Government, cease performance, and secure the work site. Vacation of the Leased Premises, or any part thereof, will be directed pursuant to the provisions of Section 15 of this Lease. The Government will take necessary and appropriate actions, as required by Federal, State or local law, and bear the cost of such removal, remediation, corrective action, or abatement, subject to the availability of funds for such purpose.

14. TERMINATION:

14.1 Government shall have the right to terminate this Lease, in whole or in part, without liability, upon thirty (30) calendar days written notice:

14.1.1 In the event of the Government making a final decision on disposal of the Leased Premises that is inconsistent with continued use thereof by Lessee under this Lease; or

14.1.2 In the event of a national emergency as declared by the President or the Congress of the United States and Government makes a determination that such national emergency requires termination of this Lease; or

14.1.3 If, at any time after January 1, 2003, (a) Government has complied with all applicable legal requirements to convey fee title to the Premises, (b) Government has satisfied in full all of its obligations under this Lease, (c) Government tenders to Lessee a conveyance of fee ownership of the Premises after negotiating in good faith with respect to establishing reasonable terms, conditions of, and consideration for such conveyance, and (d) Lessee fails to accept such conveyance within one hundred eighty (180) calendar days of written notice of such tender; or

14.1.4 In the event of a breach by Lessee of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, Lessee shall be afforded thirty (30) calendar days from the receipt of Government's written notice of intent to terminate to complete performance of

the obligation or otherwise cure the subject breach and avoid termination of this Lease, unless Government determines that a shorter period is required for safety, environmental, operations or security purposes. In the event that Government shall elect to terminate this Lease on account of the breach by Lessee of any of the terms and conditions, Government shall be entitled to recover and Lessee shall pay to Government:

14.1.4(a) The costs incurred in resuming possession of the Leased Premises.

14.1.4(b) The costs incurred in performing any obligation on the part of the Lessee to be performed hereunder, but only after notice to Lessee and the expiration of all applicable cure periods.

14.1.4(c) An amount equal to the aggregate of any maintenance obligations and charges assumed hereunder and not paid or satisfied, which amounts shall be due and payable at the time when such obligations and charges would have accrued or become due and payable under this Lease.

14.2 Lessee shall have the right to terminate this Lease upon thirty (30) calendar days written notice to Government in the event of breach by Government of any of the terms and conditions hereof. In the event of a breach involving the performance of any obligation, Government shall be afforded thirty (30) calendar days from the receipt of Lessee's notice of intent to terminate to complete performance of the obligation or otherwise cure the subject breach and avoid termination of this Lease. Lessee shall also have the right to terminate this Lease in the event of damage to or destruction of all of the improvements on Leased Premises or such a substantial portion thereof as to render Leased Premises incapable or impracticable of use for the purposes for which it is leased hereunder, provided:

14.2.1 Government either has not authorized or directed the repair, rebuilding or replacement of the improvements or has made no provision for payment for such repair, rebuilding or replacement by application of insurance proceeds or otherwise; and

14.2.2 That such damage or destruction was not occasioned by the fault or negligence of Lessee or any of its officers, agents, servants, employees, subtenants, licensees or invitees, or by any failure or refusal on the part of Lessee to fully perform its obligations under this Lease.

14.2.3. If Government requires Lessee or any sublessee to vacate all or a substantial portion of Leased Premises pursuant to any provision of this Lease for a period in excess of thirty (30) calendar days, Lessee may terminate this Lease by written notice to Government given at any time while Lessee shall continue to be denied use of all or a substantial portion of Leased Premises. Lessee shall thereafter surrender possession of Leased Premises within fifteen (15) calendar days of such notice.

15. ENVIRONMENTAL CONTAMINATION:

In the event environmental contamination is discovered on the Leased Premises which creates, in Government's determination, an imminent and substantial endangerment to human health or the environment which necessitates evacuation of the Leased Premises, and notwithstanding any other termination rights and procedures contained in this Lease, Lessee shall vacate or require any sublessee to vacate Leased Premises immediately upon notice from Government of the existence of such a condition. Exercise of this right by Government shall be without liability, except that Lessee shall not be responsible for the payment of consideration, the amount of deduction to be determined on a daily pro-rata basis, during the period Leased Premises is vacated, and Lessee shall have the right to terminate this Lease if, as provided in Section 14.3 above, Lessee or any sublessee is deprived of the beneficial use and occupancy of the Leased Premises for a period in excess of thirty (30) days. Government's exercise of this right herein to order the Leased Premises immediately vacated does not alone constitute a termination of the Lease, but such right may be exercised in conjunction with any other termination rights provided in this Lease or by law.

16. NON-ENVIRONMENTAL INDEMNIFICATION BY LESSEE:

The Lessee shall hold harmless, indemnify, and defend the Government from and against any suit, claim, demand or action, liability, judgment, cost or other fee arising out of any claim for injury or damage that results from, or is any manner predicated upon activities of the Lessee on the Leased Property during the term of the Lease. This indemnification applies to any fines, claims, demands and causes of action of every nature whatsoever which may be made upon, sustained or incurred by Government by reasons of any breach, violation, omission or non-performance of any term, covenant or condition hereof on the part of Lessee or the employees, agents, servants, guests, invitees and sublessees of Lessee. This indemnification also applies to claims arising out of the furnishing of any utilities or services by Government or any interruption

therein or failure thereof, whether or not the same shall be occasioned by the negligence or lack of diligence of Lessee, its officers, agents, servants, employees or sublessees. However, this indemnity does not extend to those damages which are due to the fault or negligence of Government or its contractors. This covenant shall survive the termination of this Lease.

17. INSURANCE:

17.1 At the commencement of this Lease, Lessee shall obtain, from a reputable insurance company or companies, liability insurance or shall maintain a program of self-insurance. The insurance shall provide an amount not less than a minimum combined single limit of \$10 million, for any number of persons or claims arising from any one incident with respect to bodily injuries or death resulting therefrom, property damage or both, suffered or alleged to have been suffered by any person or persons resulting from the operations of Lessee, sublessees, contractors and invitees under the terms of this Lease. Lessee shall provide Government certificates of its self-insurance or require its insurance company to furnish Government a copy of the policy or policies, or if acceptable to Government, certificates of insurance evidencing the purchase of such insurance. The minimum amount of liability insurance coverage is subject to revision by Government every three years or upon renewal or modification of this Lease.

17.2 As to those structures and improvements on Leased Premises constructed by or owned by Government, Lessee shall procure and maintain at Lessee's cost a standard fire and extended coverage insurance policy or policies or a program of self-insurance on the Leased Premises in an amount sufficient to demolish damaged or destroyed structures and improvements, remove debris and clear the Leased Premises. Should Lessee elect to purchase commercial insurance in lieu of self-insurance, Lessee shall procure such insurance from a reputable company or companies. In that event, the insurance policy shall provide that in the event of loss thereunder, the proceeds of the policy or policies, at the election of Government, shall be payable to Lessee to be used solely for the demolition of damaged or destroyed structures and improvements, removal of debris and clear the Leased Premises or for repair, restoration, or replacement of the property damaged or destroyed. Any balance of the proceeds not required for such purposes shall be paid to Government. If Government does not elect, by notice in writing to the insurer within thirty (30) calendar days after the damage or destruction occurs, to have the proceeds paid to Lessee for the purposes herein above set forth, then such proceeds shall be paid to Government, provided however that the insurer, after payment of any proceeds to Lessee in accordance with the provision of the policy or policies, shall have no obligation or liability with respect to the use or disposition of the proceeds by Lessee. Nothing herein contained shall be construed as an obligation upon Government to repair, restore or replace Leased Premises or any part thereof.

17.3 If and to the extent required by law, Lessee shall provide workmen's compensation or similar insurance or self-insurance in form and amounts required by law.

17.4 During the entire period this Lease shall be in effect, Lessee shall require its contractors or sublessees or any contractor performing work at Lessee's or sublessee's request on Leased Premises to carry and maintain the insurance required below:

17.4.1 Comprehensive general liability insurance, including, but not limited to, contractor's liability coverage and contractual liability coverage, of not less than \$3 million, per occurrence with respect to personal injury or death, and \$5 million, per occurrence with respect to property damage.

17.4.2 Workman's compensation or similar insurance in form and amounts required by law.

17.5 Should Lessee purchase commercial insurance in lieu of self-insurance, all insurance which this Lease requires Lessee or sublessee to carry and maintain or cause to be carried or maintained shall be in such form, for such periods of time, and with such insurers as Government may reasonably require or approve. In that event, all policies or certificates issued by the respective insurers for public liability and property insurance will name Government as an additional insured, provide that any losses shall be payable notwithstanding any act or failure to act or negligence of Lessee or Government or any other person, provide that no cancellation, reduction in amount, or material change in coverage thereof shall be effective until at least thirty (30) calendar days after receipt by Government of written notice thereof; provide that the insurer shall have no right of subrogation against Government; and be reasonably satisfactory to Government in all other respects. In no circumstances will Lessee be entitled to assign to any third party, rights of action which Lessee may have against Government.

17.6 Lessee and sublessees shall deliver or cause to be delivered promptly to Government a certificate of insurance or self-insurance evidencing the insurance required by this Lease and shall also deliver no later than thirty (30) calendar days prior to expiration of any such policy, a certificate of insurance evidencing each renewal policy covering the same risks.

18. LABOR PROVISION:

During the term of this Lease, Lessee agrees as follows:

18.1 Lessee will not discriminate against any employee or applicant for employment because of race, color, religion, sex or national origin. Lessee shall

take affirmative action to ensure that applicants are employed, and that employees are treated during employment, without regard to their race, color, religion, sex or national origin. Such action shall include, but not be limited to the following: employment, upgrading, demotion or transfer, recruitment or recruitment advertising, layoff or termination, rate of pay or other forms of compensation and selection for training, including apprenticeship. Lessee agrees to post in conspicuous places, available to employees and applicants for employment, notices to be provided by Government setting forth the provisions of this nondiscrimination clause.

18.1.1 Lessee shall, in all solicitations or advertisements for employees placed at Leased Premises by or on behalf of Lessee, state that all qualified applicants will receive consideration for employment without regard to race, color, religion, sex or national origin.

18.1.2 Lessee shall send to each labor union or representative of workers with which it has a collective bargaining agreement or other contract or understanding a notice to be provided by Government, advising the labor union or worker's representative of Lessee's commitments under this equal opportunity clause and shall post copies of the notice in conspicuous places available to employees and applicants for employment

18.1.3 Lessee shall comply with all provisions of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor.

18.1.4 Lessee shall furnish all information and reports required by Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and of the rules, regulations and relevant orders of the Secretary of Labor or pursuant thereto, and will permit access to his books, records and accounts by Government and the Secretary of Labor for purposes of investigating to ascertain compliance with such rules, regulations and orders.

18.1.5 In the event of Lessee's noncompliance with the equal opportunity clause of this Lease or with any of said rules, regulations or orders, this Lease may be canceled, terminated or suspended in whole or in part, after the expiration of all applicable cure periods, and Lessee may be declare ineligible for further Government contracts in accordance with procedures authorized in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, and such other sanctions may be imposed and remedies invoked as provided in Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, or by rule, regulation or order of the Secretary of Labor, or otherwise provided by law.

18.1.6 Lessee will include the above provisions in every sublease unless exempted by rules, regulations or orders of the Secretary of Labor issued pursuant to Section 204 of Executive Order 11246 of September 24, 1965, as amended by Executive Order 11375 of October 13, 1967, so that such provisions will be binding upon each sublessee. Lessee will take such action with respect to any sublessee as Government may direct as a means of enforcing such provisions including sanctions for noncompliance; provided, however, that in the event Lessee becomes involved, or is threatened with litigation with sublessee as a result of such direction by Government, Lessee may request the United States to enter into such litigation to protect the interest of the United States.

18.2 This Lease, to the extent that it is a contract of a character specified in the Contract Work Hours and Safety Standards Act (40 U.S.C. 327-330) and is not covered by the Walsh-Healy Public Contracts Act (41 U.S.C. 35-45), is subject to the following provisions and exceptions of said Contract Work Hours and Safety Standards Act and to all other provisions and exceptions of said law.

18.2.1 Lessee shall not require or permit any laborer or mechanic in any workweek in which he is employed on any work under this Lease to work in excess of 40 hours in such work week on work subject to the provisions of the Contract Work Hours Standards Act unless such laborer or mechanic receives compensation at a rate not less than one and one-half times his basic rate of pay for all such hours worked in excess of 40 hours in such work week. The "basic rate of pay", as used in this clause, shall be the amount paid per hour, exclusive of Lessee's contribution or cost for fringe benefits and any cash payment made in lieu of providing fringe benefits or the basic hourly rate contained in the wage determination, whichever is greater.

18.2.2 In the event of any violation of the provision of Paragraph 18.2.1, Lessee shall be liable to any affected employee for any amounts due, and to the United States for liquidated damages. Such liquidated damages shall be computed with respect to each individual laborer or mechanic employed in violation of the provisions of paragraph 18.2.1 in the sum of \$10.00 for each calendar day on which such employee was required or permitted to be employed on such work in excess of the standard workday of 8 hours or in excess of the standard work week of 40 hours without payment of the overtime wages required by Paragraph 18.2.1.

18.3 In connection with the performance of work required by this Lease, Lessee agrees not to employ any person undergoing a sentence of imprisonment at hard labor.

19. SUBMISSION OF NOTICES:

Notices shall be sufficient under this Lease if made in writing and to the addressees as:

Lessee: —
Treasure Island Development Authority
Ms. Annemarie Conroy
San Francisco Mayor's Office
Treasure Island Project
410 Palm Ave. Bldg. 1, Room 237
Treasure Island
San Francisco, CA 94130

Government: Commander BRAC Dept
Engineering Field Division - Southwest
Naval Facilities Engineering Command
1220 Pacific Highway
San Diego, CA

The individuals so designated above shall be representatives of the parties and the points of contact during the period of this Lease.

20. AUDIT:

This Lease shall be subject to audit by any and all cognizant Government agencies. Lessee shall make available to such agencies for use in connection with such audits all records which it maintains with respect to this Lease and copies of all reports required to be filed hereunder.

21. AMENDMENTS:

This Lease shall not be amended or modified unless in writing and signed by both parties. No oral statements or representation made by, for or on behalf of either party shall be a part of this Lease. Should a conflict arise between the provisions of this Lease and any exhibit hereto, or any other agreement between Government and Lessee, the provisions of this Lease shall take precedence.

22. FAILURE TO INSIST ON COMPLIANCE:

The failure of Government or Lessee to insist, in any one or more instances, upon performance of any of the terms, covenants or conditions of this Lease shall not be construed as a waiver or relinquishment of Government's or Lessee's right to the future performance of any such terms, covenants or conditions and Government's and Lessee's respective obligations in respect of such future performance shall continue in full force and effect.

23. DISPUTES:

23.1 This Lease is subject to the Contract Disputes Act of 1978, as amended (41 U.S.C. 601-613) (the Act).

23.2 Except as provided in the Act, all disputes arising under or relating to this Lease shall be resolved under this clause.

23.3 "Claim", as used in this clause, means a written demand or written assertion by Lessee or Government seeking, as a matter of right, the payment of money in a sum certain, the adjustment or interpretation of lease terms, or other relief arising under or relating to this Lease. A claim arising under this Lease, unlike a claim relating to this Lease, is a claim that can be resolved under a lease clause that provides for the relief sought by the claimant. However, a written demand or written assertion by Lessee seeking the payment of money exceeding \$100,000 is not a claim under the Act until certified as required by subparagraph 23.4 below. A voucher, invoice or other routine request for payment that is not in dispute when submitted, is not a claim under the Act. The submission may be converted to a claim under the Act, by complying with the submission and certification requirements of this clause, if it is disputed either as to liability or amount or is not acted upon in a reasonable time.

23.4 A claim by Lessee shall be made in writing and submitted within six (6) years after accrual of the claim, to the Naval Facilities Engineering Command, Engineering Field Activity West (ATTN.: Code 64), 900 Commodore Drive, San Bruno, CA 94066-5006 herein called "Command", for a written decision. A claim by the Government against Lessee shall be subject to a written decision by the Command.

23.4.1 Lessee shall provide the certification specified in subparagraph 23.4.3 of this clause when submitting any claim:

- (a) Exceeding \$100,000; or
- (b) Regardless of the amount claimed, when using:
 - (1) Arbitration conducted pursuant to 5 U.S.C. 575-580; or
 - (2) Any other alternative means of dispute resolution (ADR)

technique that the agency elects to use in accordance with the Administrative Dispute Resolution Act (ADRA).

23.4.2 The certification requirement does not apply to issues in controversy that have not been submitted as all or part of a claim.

23.4.3 The certification shall state as follows: "I certify that the claim is made in good faith; that the supporting data are accurate and complete to the best of my knowledge and belief; that the amount requested accurately reflects the contract adjustment for which Lessee believes Government is liable; and that I am duly authorized to certify the claim on behalf of Lessee."

23.4.4 The certification may be executed by any person duly authorized to bind Lessee with respect to the claim.

23.5 For Lessee claims of \$100,000 or less, the Command, must, if requested in writing by Lessee, render a decision within 60 calendar days of the request. For Lessee-certified claims over \$100,000, the Command, must, within 60 calendar days, decide the claim or notify Lessee of the date by which the decision will be made.

23.6 The Command's, decision shall be final unless Lessee appeals or files a suit as provided in the Act.

23.7 At the time a claim by the Lessee is submitted to Command or a claim by Government is presented to Lessee, the parties, by mutual consent, may agree to use ADR. When using arbitration conducted pursuant to 5 U.S.C. 575-580, or when using any other ADR technique that the agency elects to employ in accordance with the ADRA, any claim, regardless of amount, shall be accompanied by the certification described in Paragraph 23.4.3 of this clause, and executed in accordance with Paragraph 23.4.4 of this clause.

23.8 Government shall pay interest on the amount found due and unpaid by Government from (1) the date the Command receives the claim (properly certified if required), or (2) the date payment otherwise would be due, if that date is later, until the date of payment. With regard to claims having defective certifications, as defined in FAR 33.201, interest shall be paid from the date that the Command initially receives the claim. Simple interest on claims shall be paid at the rate, fixed by the Secretary of the Treasury, as provided in the Act, which is applicable to the period during which the Command receives the claim and then at the rate applicable for each 6-month period as fixed by the Treasury Secretary during the pendency of the claim.

23.9 Lessee shall proceed diligently with the performance of Lease, pending final resolution of any request for relief, claim, appeal or action arising under Lease, and comply with any decision of the Command.

24. COVENANT AGAINST CONTINGENT FEES:

Lessee warrants that no person or agency has been employed or retained to solicit or secure this Lease upon an agreement or understanding for a commission, percentage, brokerage or contingent fee, excepting bona fide employees or bona fide established commercial agencies maintained by Lessee for the purpose of securing business. For breach or violation of this warranty, Government shall have the right to annul this Lease without liability or in its discretion, to require Lessee to pay the full amount of such commission, percentage, brokerage or contingent fee.

25. OFFICIALS NOT TO BENEFIT:

No member of or delegate to Congress or Resident Commissioner, shall be admitted to any share or part of this Lease or to any benefit to arise therefrom, but this provision shall not be construed to extend to this Lease if made with a corporation for its general benefit.

26. LIENS:

Lessee shall promptly discharge or cause to be discharged any valid lien, right in rem, claim or demand of any kind, except one in favor of Government, which at any time may arise or exist with respect to the Leased Property or materials or equipment furnished therefor, or any part thereof, and if the same shall not be promptly discharged by Lessee, or should Lessee or sublessee be declared bankrupt or make an assignment on behalf of creditors, or should the leasehold estate be taken by execution, Government reserves the right to take immediate possession without any liability to Lessee or any sublessee. Lessee and any sublessee shall be responsible for any costs incurred by Government in securing clear title to its property.

27. TAXES:

Lessee shall pay or cause to be paid to the proper authority, when and as the same become due and payable, all taxes, assessments and similar charges which, at any time during the term of this Lease, may be imposed upon Lessee with respect to its operations of the Leased Premises. Title 10 United States Code, Section 2667(e) contains the consent of Congress to the Taxation of Lessee's interest in Leased Premises, whether or not the Leased Premises are in an area of exclusive federal jurisdiction. Should Congress consent to taxation of Government's interest in the property, this Lease will be renegotiated.

28 SUBJECT TO EXISTING AND FUTURE EASEMENTS AND RIGHTS- OF-WAY:

This Lease is subject to all outstanding easements and rights-of-way for location of any type of facility over, across, in and upon Leased Premises or any portion thereof and to the right of Government to grant such additional easements and rights-of-way over, across, in and upon Leased Premises as it shall determine to be in the public interest; provided that any such additional easement or right-of-way shall be conditioned on the assumption by the grantee thereof of liability to Lessee for such damages as Lessee shall suffer for property destroyed or property rendered unusable on account of the grantee's exercise of its rights thereunder. There is hereby reserved to the holders of such easements and rights-of-way as are presently outstanding or which may hereafter be granted, to any workers officially engaged in the construction, installation, maintenance, operation, repair or replacement of facilities located thereon, and to any Federal, state or local official engaged in the official inspection thereof, such reasonable rights of ingress and egress over Leased Premises as shall be necessary for the performance of their duties with regard to such facilities.

29. **INGRESS-EGRESS AND PARKING:**

Lessee and any sublessees will be granted reasonable access to Leased Premises under this Lease. Such access will be coordinated with Government. As a condition, Lessee and any sublessees agree to adhere to all base rules and regulations regarding installation security, ingress, egress, safety and sanitation as may be prescribed from time to time by Government. Parking will be coordinated with Government.

30. **ADMINISTRATION:**

Except as otherwise provided for under this Lease, Government shall, under the direction of the Command, have complete charge of the administration of this Lease, and shall exercise full supervision and general direction thereof insofar as the interests of Government are affected.

31. **SURRENDER:**

Upon the expiration of this Lease or its earlier termination in accordance with the terms of this Lease, Lessee shall quietly and peacefully remove itself and its property from Leased Premises and surrender the possession thereof to Government. Government may, in its discretion, declare any property which has not been removed from Leased Premises upon expiration or termination provided for above, as abandoned property upon giving to Lessee an additional 30 calendar days notice after the termination date.

32 **INTEREST:**

32.1 Notwithstanding any other provision of this Lease, unless paid within thirty (30) calendar days from the due date, all amounts that become payable by Lessee to Government under this Lease (net any applicable tax credit under the Internal Revenue Code) shall bear interest from the date due. The rate of interest will be the Current Value of Funds rate published by the Secretary of Treasury pursuant to 31 U.S.C. 3717 (Debt Collection Act of 1982).

32.1.1 Amounts shall be, subject to applicable cure periods, due upon the earliest of:

32.1.1(a) the date fixed pursuant to this Lease,

32.1.1(b) the date of the first written demand for payment, consistent with this Lease, including demand consequent upon default termination,

32.1.1(c) the date of transmittal by Government to Lessee of a proposed supplemental agreement to confirm completed negotiations fixing the amount,

32.1.1(d) if this Lease provides for revision of prices, the date of written notice to Lessee stating the amount of refund payable in connection with a pricing proposal or in connection with a negotiated pricing agreement not confirmed by Lease supplement.

33. AVAILABILITY OF FUNDS:

33.1 The Government's obligations under this Lease are subject to the availability of funds appropriated for such purposes. Nothing in this Lease shall be interpreted to require obligations or payments by Government which are in violation of the Anti-Deficiency Act (31 USC 1341).

34. SPECIAL PROVISIONS:

34.1 Notwithstanding anything to the contrary contained in this Lease, there shall be no obligation for the payment or expenditure of money by Lessee under this Lease unless the Controller of the City and County of San Francisco first certifies, pursuant to Section 3.105 of the Charter of the City and County of San Francisco, that there is a valid appropriation from which the expenditure may be made and that unencumbered funds are available from the appropriation to pay the expenditure. Without limiting the foregoing, if in any fiscal year of City after the fiscal year in which the Term of this Lease commences, sufficient funds for the payment of any payments required under this Lease are not appropriated for any reason, then either party may terminate this Lease upon thirty (30) calendar days written notice and Lessee shall quietly and peacefully remove itself and its property from Leased Premises and surrender possession thereof to the Government. Notwithstanding the foregoing, this Section 34.1 shall not in any way limit or otherwise impair Lessee's indemnification obligation arising under Sections 13.12 and 16 of this Lease.

34.2 Article 1.5 of the San Francisco Planning Code ("Code") requires the provision of bicycle storage at all properties leased by the City at no cost to the landlord, here the Government, and only if funds are available. In the event public and/or private donations, grants or other funds become available, at any time during this Lease, Lessee shall have the right to request that the Government amend this Lease to include space sufficient for the installation and operation of bicycle storage facilities. In the event of storage locker installation, the storage lockers shall be considered a trade fixture. Government, at no cost to Government, shall reasonably cooperate with City regarding the implementation of this Code.

34.3 The date on which this Lease shall become effective (the "Effective Date") is the date upon which (i) Lessee's Mayor and Board of Supervisors enact a resolution approving this Lease in accordance with all applicable laws and (ii) this Lease is duly executed by the parties hereto.

34.4 Use of groundwater at the leased premises is prohibited. The Lessee is prohibited from installing any groundwater wells at the subject property without prior written consent by the Government. The Lessee shall be responsible for any damage caused by Lessee to existing or future groundwater monitoring wells.

34.5 Lessee shall be restricted from conducting excavation, drilling, or other ground-disturbing activities, other than minor repairs of the pavement and landscaping, without prior written consent by the Government.

34.6 Lessee shall be required to conduct routine evaluations of the existing Asbestos Containing Material (ACM) and comply with all applicable federal, state and local laws relating to ACM. Before reconstruction or remodeling, Lessee or its sublessee shall submit plans to the Government on how ACM will be managed.

34.7 Lessee shall be required to monitor the condition of existing lead-based paint (LBP) and shall eliminate any hazard that develops from LBP through the duration of the lease. Lessee shall comply with all applicable laws and regulations relating to LBP. Lessee shall obtain prior Government approval before modification, construction, or demolition to any building or structure. Lessor shall submit a LBP remediation plan to Government prior to any construction or modification.

34.8 Notwithstanding any other provisions of this Lease, the Government will provide no services as described in Section 3.1.3 of the lease and the Common Service Charge as described in Section 3.1.3 shall be waived for the duration of this lease. Should the Lessee fail to provide Common Services to the leased premises, the Government may terminate the Lease, without liability, upon thirty (30) calendar days written notice.

35. LIST OF EXHIBITS:

The following exhibits are a part of this Lease:

- Exhibit A - Leased Premises
- Exhibit B - Inventory of Personal Property
- Exhibit C - Joint Inspection Report
- Exhibit D - EBS and FOSL

Exhibit E - Requirements for Use of Government Owned Utilities
Exhibit F - Safety and Health Hazards to be Corrected
Exhibit G - Government's Obligations to Abate Asbestos

IN WITNESS WHEREOF, the parties hereto have, on the respective dates set forth below duly executed this Lease as of the day and year first above written.


WITNESS

THE UNITED STATES OF AMERICA

_____ By: _____
Real Estate Contracting Officer

_____ Date: _____

TREASURE ISLAND DEVELOPMENT AUTHORITY

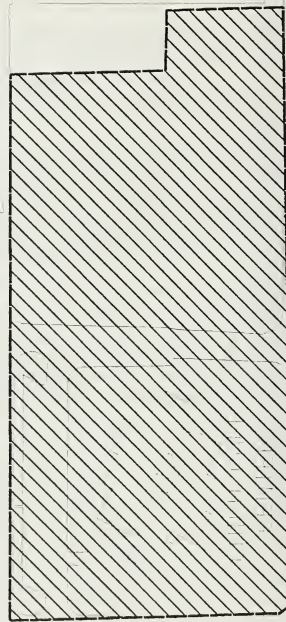
_____ By:  _____
Title: _____
ANNEMARIE CONROY
Executive Director
Treasure Island Development
Authority Project

_____ Date: _____

AVENUE

357

Building 502 Lease
10/1/01



AVENUE

All correspondence in connection with
this contract should include reference to:

Exhibit B

INVENTORY OF PERSONAL PROPERTY

To be completed at time of move-in by both parties.

Exhibit C

JOINT INSPECTION REPORT

To be completed at time of move-in by both parties.

EXHIBIT E

UTILITIES AGREEMENT SUPPORTING LEASE OF CHILDCARE CENTER (BLDG 502) NAVAL STATION TREASURE ISLAND

ARTICLE 10, UTILITIES

(a) Portions of the Government's utilities systems serving the Station are located within the Premises and are reserved for use by the Government hereunder. The Lessee agrees to allow the Government or its utility suppliers reasonable access to the Premises for such operation, maintenance, repair and replacement of these utilities systems as may be required. In executing operation, maintenance, repair or replacement of these systems, the Government agrees to take all reasonable steps to limit interference with the use of the Premises by the Lessee or its approved sublessees or assignees.

(b) Prior to commencement of the term of this Lease, the Government and the Lessee will agree upon the terms and conditions for delivery of utility services by the Government to the Lessee which agreement will be appended as Exhibit "E" to this Lease. Conditions will include the following:

(1) Sewage discharge by the Lessee to the Government owned sewer system must meet all requirements of any applicable waste water discharge permit or contract issued by or between the Government and Bay Area Water Quality Management Board for discharge of sewage from the Station.

(2) Storm water discharged from the Premises must meet the requirements of permits issued to the Government in accordance with the National Pollution Discharge Elimination System (NPDES) for discharge of storm water from the Station. In addition, the Lessee agrees to participate in any storm water quality management program required by applicable local, State, or Federal regulations.

(c) The Lessee may, at its own cost, replace, remove, or relocate utility systems on the Premises in order to use the Premises, so long as there is no unreasonable interference with use by the Government of the utility systems and provided the Government has approved the replacement, removal or relocation in advance. Government approval shall not be unreasonably denied or delayed.

BACKGROUND

This exhibit implements the agreement stipulated in ARTICLE 10, of the Lease between the Lessee and the Government.

AGREEMENT

Pursuant to the requirements stipulated in ARTICLE 10 of said Lease, the Lessee and the Government hereby agree to the following with respect to Government-owned utility systems and to Government-provided utility services:

1. General

All utility services delivered at the premises shall be obtained from the City and County of San Francisco (CCSF) in accordance with provisions of Cooperative Agreement N624749720003 entered into by the Navy and CCSF. The Lessee agrees to conform to conditions of service which may be laid out by CCSF in addition to the general requirements of paragraphs 2.0 through 7.0, below. Assistance in obtaining service from CCSF can be obtained by contacting:

**San Francisco Public Utilities Commission
410 Palm Ave., Building 1
Treasure Island
San Francisco, CA 94130**

**Attn.: Chuck Swanson, Utilities Project Manager
Phone: 415 274 0333**

2.0 Metering

Electric, natural gas and water service will be authorized by the Government only after installation of meters which fully and exclusively measure consumption on the Premises. Prior to commencement of service the Lessee will insure that any additional metering which may be required has been installed by the San Francisco Public Utilities Commission (SFPUC), as the representative of the CCSF, or in accordance with SFPUC requirements and with written SFPUC authorization. Unless otherwise stipulated by the SFPUC, the volume of sewer discharge from the Premises will be assumed to equal water consumption as measured by applicable meters.

3.0 Commencement of Service

Service will commence after the Lessee, or any sublessee authorized by the Government, has established an account with the SFPUC and has made any advance service deposit which the SFPUC may require.

4.0 Rates

Until further notice by the Government, the following rates are in effect:

Utility	Unit	Charge Per Unit
electricity	MWH (million watt-hours)	\$142.75
natural gas	MFC (1,000 cubic feet)	\$ 6.00
water	KGAL (thousand gallons)	\$ 5.40
sewer	KGAL	\$ 5.75

5.0 Billing and Payment

Monthly bills for utilities services will be issued by the SFPUC to the Lessee or to a Government authorized sublessee as agreed upon between the Lessee and the SFPUC. Payment to the SFPUC is due within 10 working days of receipt of the bill. Adjustments to billed amounts may be requested only after receipt of the billed amount by the SFPUC and may be granted by the SFPUC only after an error in the originally presented bill is clearly established and documented.

6.0 Service to Sublessees

As stated in paragraph 5.0, above, payment for utility service may be made directly to the SFPUC by a Government authorized sublessee, rather than by the Lessee, subject to agreement by the SFPUC. In the event any such agreement is made, the Lessee will insure that the applicable sublease contains provisions sufficient to bind the sublessee to all conditions of service given here as well as to any additional conditions of service which may be imposed by the SFPUC.

7.0 Failure by Sublessees to Make Payment

Any Government authorized sublessee obligated to make payment for utility services directly to the SFPUC will be considered in arrears if payment of any bill is not received within 30 working days of presentation to the sublessee by the SFPUC. In any such case, the liability for payment will immediately revert to the Lessee and will remain with the Lessee for the remainder of the term of this Lease.

Exhibit G

GOVERNMENTS OBLIGATION TO ABATE ASBESTOS

No asbestos abatement to be performed by Government.

Exhibit F

SAFETY AND HEALTH HAZARDS TO BE CORRECTED

Prior to occupancy and operation as a childcare center, Lessee shall restore and repair any internal surfaces containing mold or mildew and take any necessary measures to prevent future occurrences of mold or mildew.



Notes

1 [Sublease for Childcare Center]

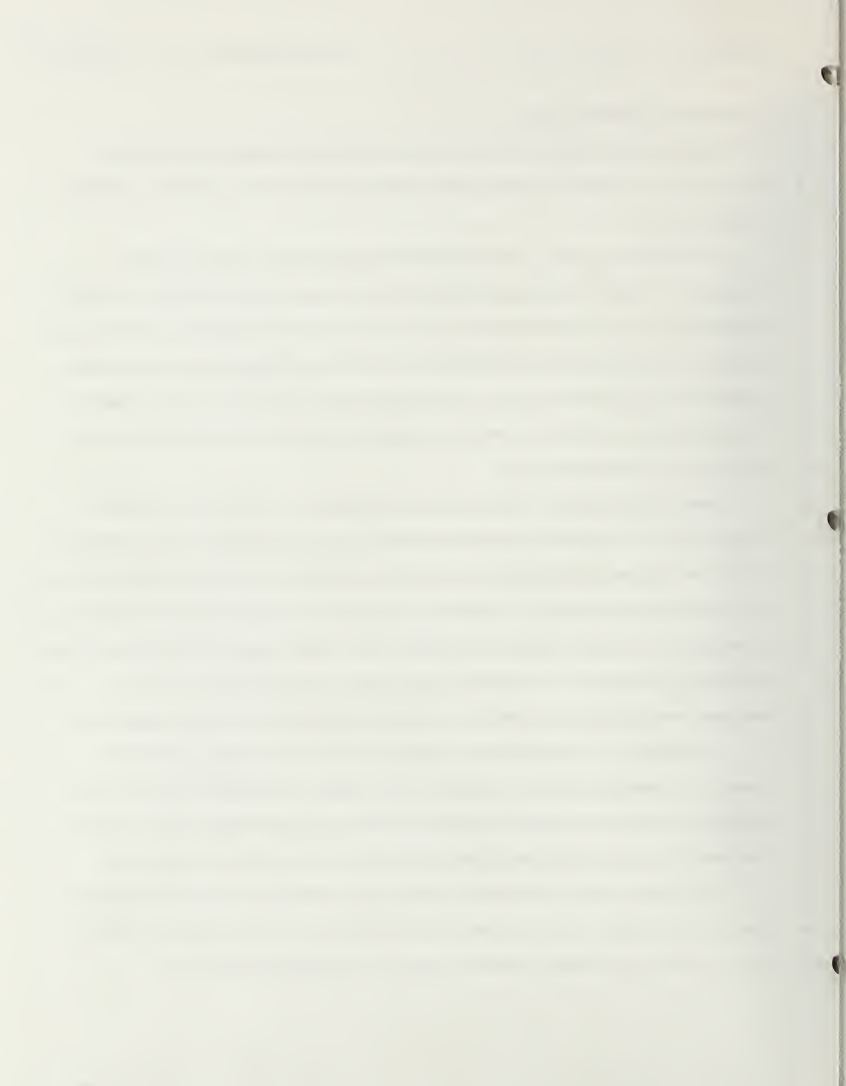
2 AUTHORIZING A SUBLEASE BETWEEN THE TREASURE ISLAND DEVELOPMENT
3 AUTHORITY AND TRI-CITIES CHILDREN'S CENTERS FOR THE CHILDCARE CENTER
4 (BUILDING 502).

5 WHEREAS, On May 2, 1997, the Board of Supervisors (the "Board") passed
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to establish a
7 nonprofit public benefit corporation known as the Treasure Island Development Authority (the
8 "Authority") to act as a single entity focused on the planning, redevelopment, reconstruction,
9 rehabilitation, reuse and conversion of former Naval Station Treasure Island (the "Base") for
10 the public interest, convenience, welfare and common benefit of the inhabitants of the City
11 and County of San Francisco; and,

12 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
13 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
14 1333 of the Statutes of 1968 (the "Act"), the California legislature (i) designated the Authority
15 as a redevelopment agency under California redevelopment law with authority over the Base
16 upon approval of the City's Board of Supervisors, and, (ii) with respect to those portions of the
17 Base which are subject to the Tidelands Trust, vested in the Authority the authority to
18 administer the public trust for commerce, navigation and fisheries as to such property; and,

19 WHEREAS, The Tidelands Trust prohibits the sale of trust property into private
20 ownership, generally requires that Tidelands Trust property be accessible to the public and
21 encourages public-oriented uses of trust property that, among other things, attract people to
22 the waterfront, promote public recreation, protect habitat and preserve open space; and

23 WHEREAS, In order to facilitate productive reuse of the Base, it may be beneficial for
24 the Authority to lease or license property from the Navy and, in turn, sublease or sublicense
25 such property to third-parties or use such property for municipal purposes; and



1 WHEREAS, The Authority has approved the Childcare Center Lease with the U.S.
2 Navy for Building 502 and the adjacent parking lot (the "Premises") totaling approximately
3 3.11 acres; and

4 WHEREAS, Under the provisions of the homeless assistance agreement the Treasure
5 Island Homeless Development Initiative (TIHDI) may request a sublease from the Authority for
6 use of the Premises; and,

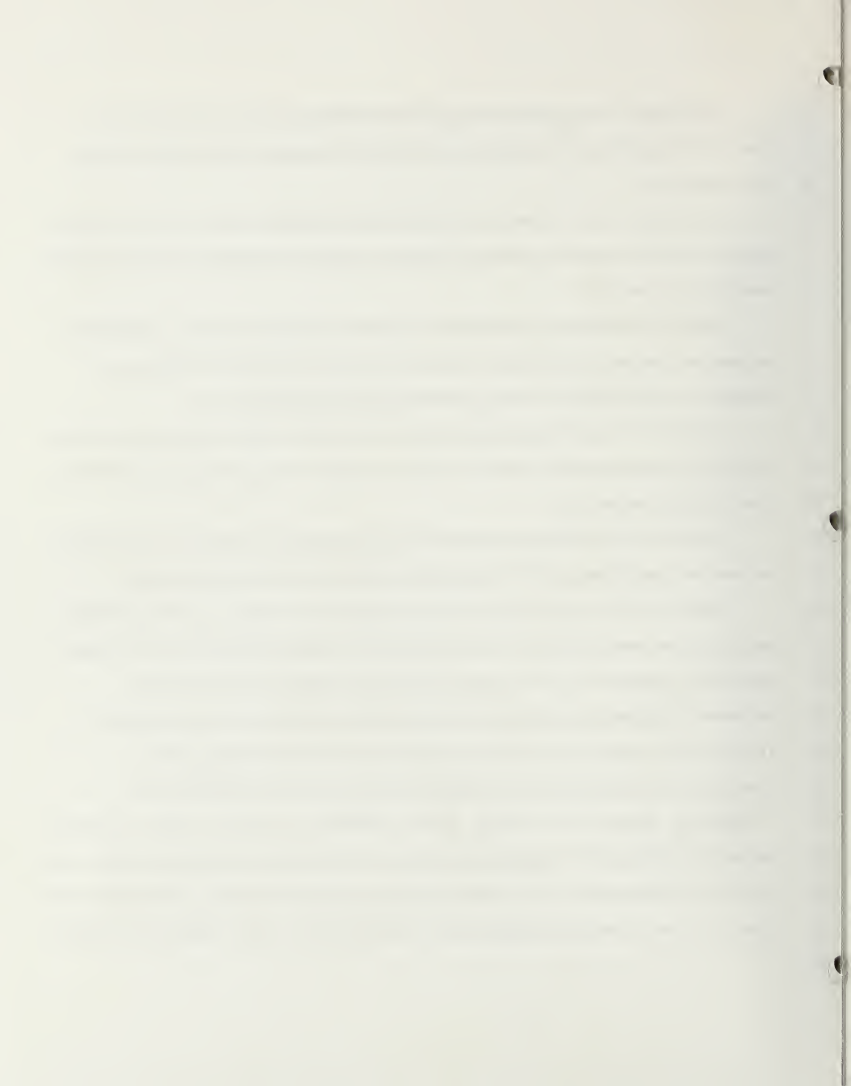
7 WHEREAS, TIHDI issued a Request for Proposals to identify and select a qualified and
8 experienced operator for the Childcare Center and based on a review of the responses
9 identified Tri-Cities Children's Center as the most qualified respondent; and

10 WHEREAS, The Childcare Center will serve the needs of TIHDI member organizations
11 as well as the general public's need for childcare services on Treasure Island, with preference
12 given to Island residents; and

13 WHEREAS, The Childcare Center will serve approximately 12 infants, 16 toddlers and
14 64 preschool age children and the Center will to operate from 7:00am to 6:00pm; and,

15 WHEREAS, The Authority and TCCC have agreed on the terms of a sublease for the
16 facility, attached hereto as Exhibit A, which among other things provides for (i) a term of five
17 years, with an option to "buy out" the improvements to the facility if the site is need to
18 implement an approved redevelopment plan for the Base, (ii) the site will be provided to
19 TIHDI at no cost, and (iii) that TIHDI is responsible for all costs associated with the
20 construction of the improvements and related property management expenses; and

21 WHEREAS, Working with funding sources identified by TIHDI, TCCC will invest
22 approximately \$850,000 for capital improvements and initial startup expenses including, but
23 not limited to: Renovations to the Facility (carpet replacement, painting, roof repairs, code
24 compliance, etc.), Renovations/Replacement of Exterior Play Areas, Design and General
25



1 Contracting Services, Equipment (tables, chairs, highchairs, etc.), Supplies, and Staff
2 Recruitment and Training; now, therefore, be it

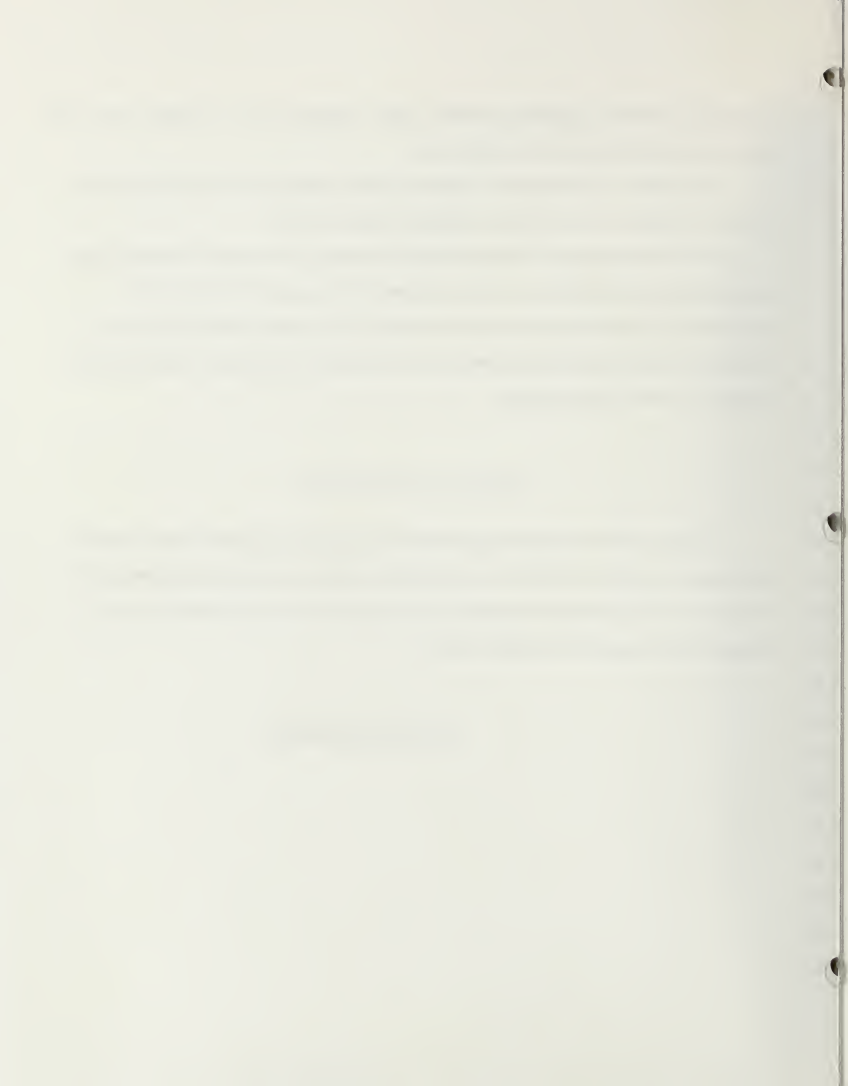
3 RESOLVED, That the Board of Directors hereby authorizes the Executive Director to
4 execute a sublease with TCCC for the Childcare Center; and be it

5 FURTHER RESOLVED, That the Authority authorizes the Executive Director to enter
6 into modifications to the Childcare Center Sublease (including, without limitation, the
7 attachment of exhibits) that are in the best interests of the Authority and the City, do not
8 materially change the terms of the Lease, and are necessary and advisable to effectuate the
9 purpose and intent of this resolution.

10
11
12 CERTIFICATE OF SECRETARY

13 *I hereby certify that I am the duly elected and acting Secretary of the Treasure Island*
14 *Development Authority, a California nonprofit public benefit corporation, and that the above*
15 *Resolution was duly adopted and approved by the Board of Directors of the Authority at a*
16 *properly noticed meeting on October 17, 2001.*

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19 _____
20 John Elberling, Secretary
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RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT



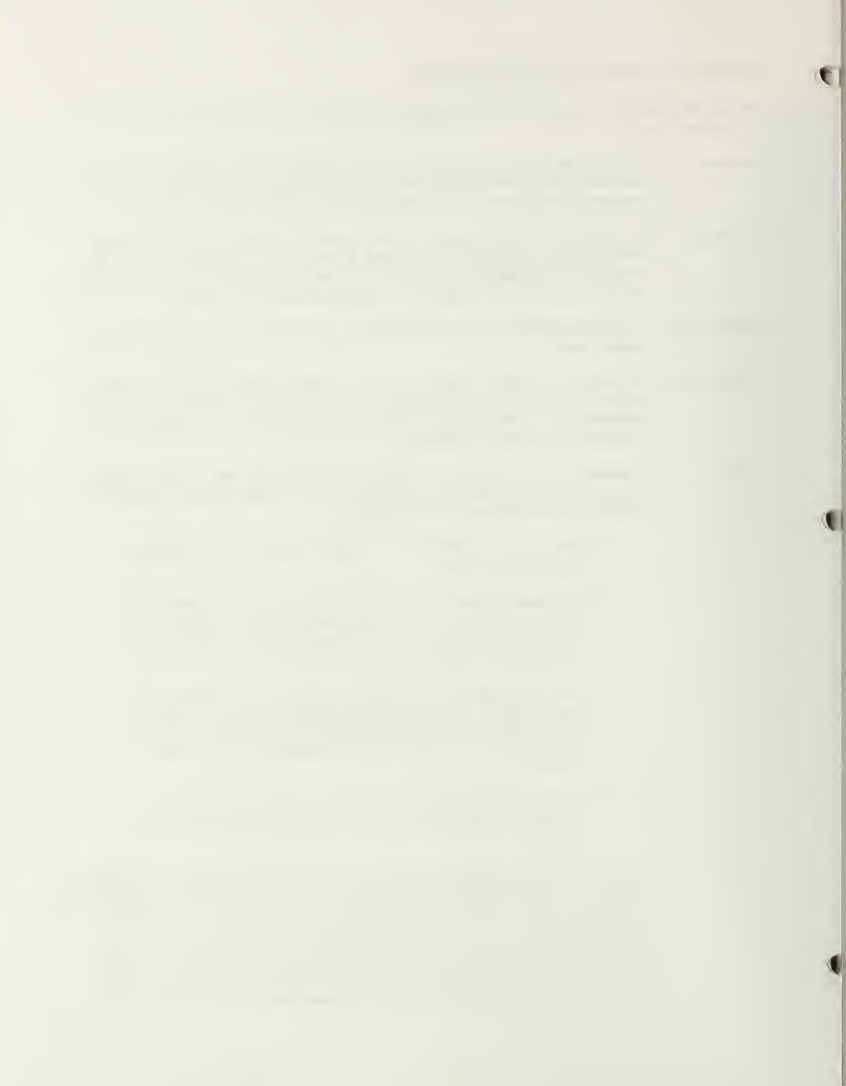
Proposed Term Sheet for the Child Care Facility

The following outlines the basic terms for the proposed sublease for the proposed Childcare Facility on Treasure Island.

- Subtenant:** The Sublease will be executed with the Tri-Cities Children's Centers (TCCC), a member of the Treasure Island Homeless Development Initiative (TIHDI). TIHDI will enter into a memorandum of understanding with Tri-Cities Children Centers.
- Premises:** The proposed sublease includes the area commonly referred to as the Childcare Facility which is bounded by 10th Street to the south, 11th Street to the north, Avenue D to the west and Avenue E to the east. In addition, the sublease will include the parking lot to the south, immediately adjacent to the facility.
- Master Lease:** The property described above is leased to the Authority via the Child Care Facility Master Lease.
- Permitted Use:** The Child Care Facility shall be used to provide childcare services for infant, toddler, and pre-school age children. The program is intended to serve the residents of both Treasure Island and the City and County of San Francisco, with preference given to Island residents.
- Term:** According to the provisions of AB699 (Section 8(b)), the Treasure Island Development Authority may only lease property for non-Trust consistent uses if the Authority makes the following determinations:

- (1) There is no immediate trust related need for the property proposed to be leased.
- (2) The proposed lease is of a duration of no more than five years and can be terminated in favor of trust uses as they arise; except that the existing hangars, or portions thereof, may be leased for up to five years without a right of termination in favor of trust uses.
- (3) The proposed lease prohibits the construction of new structures or improvements on the subject property that could, as a practical matter, prevent or inhibit the property from being converted to any permissible trust use should the property become necessary therefore.
- (4) The proposed use of the leased property would not interfere with commerce, navigation, fisheries, or any other existing trust uses or purposes.

Based on the information above, the Authority is offering a Sublease term of five (5) years for the Premises subject to the following conditions. For the first three years of this five year term, TCCC will be guaranteed a continuous three year term. For the final two years, if the Premises are required for redevelopment pursuant to a development plan approved by the Board of Directors of the Authority, the Authority reserves the right, in its sole discretion, to exercise a "buy out" option to reimburse TCCC for hard and soft costs associated with the capital improvements made to the facility in accordance with an approved work plan as well as start up costs such as



furniture, installation, set up etc. The following is a "buy-out" schedule for the term of the Sublease:

- If the sublease is terminated before the end of Year 4 - 80% of Costs
- If the sublease is terminated before the end of Year 5 - 75% of Costs

At the end of the five-year term, the Authority will use best efforts to negotiate a new sublease with TIHDI for a legally acceptable term agreeable to both parties. If a new five year sublease is not executed, the Authority shall reimburse TCCC for 70% of the mutually agreed upon costs associated with the capital improvements and start up/installation costs made to the facility.

If, during any point in the five year term of the lease, the Authority obtains the legal authority to enter into a longer term lease, by legislative action or otherwise, the Authority agrees to extend the term of the lease agreement to a maximum of 12 years.

Rent:

The facility is made available to TCCC on a rent-free basis. TCCC is responsible for the costs of utilities, and the Common Area Maintenance (CAM) charge levied by the Navy.. TCCC is also responsible for all costs associated with the property, including but not limited to taxes, insurance, and property maintenance costs including landscaping of parking areas.

*Security
Deposit:*

The Treasure Island Development Authority will waive the security deposit for the use of the facility.

Improvements: The Department of Building Inspection (DBI) must conduct an inspection of the facilities to determine the work necessary to address code and access requirements. Any improvements required by DBI (including corrections for seismic safety to meet the FEMA 178 Life Safety Standards) will be the responsibility of TCCC, and occupancy of the facility may not occur until code deficiencies are addressed. TCCC must also meet with the Mayor's Office on Disability.

TCCC must obtain all necessary permits from appropriate agencies required to complete the improvements and for use of the facility (e.g., Department of Building Inspection, Fire Department, Community Care Licensing, etc.). Prior to commencement of construction, TCCC must submit a complete set of improvement plans to the United States Navy through the Treasure Island Project Office.

Improvements to the facility must be completed by a licensed and insured contractor and written documentation certifying their completion must be obtained from DBI prior to occupancy or use of the facility. Use of the facility prior to obtaining these approvals will result in immediate termination of the sublease. TCCC will be required to maintain the facility in good working order at its cost and the Authority will not be required to make any repairs. TCCC will be solely responsible for disposal of any and all hazardous materials related to any improvements to the facility.

1. The first part of the document discusses the importance of maintaining accurate records of all transactions and activities. It emphasizes the need for transparency and accountability in financial reporting.

2. The second part of the document outlines the various methods and techniques used to collect and analyze data. It includes a detailed description of the experimental procedures and the statistical analysis performed.

3. The third part of the document presents the results of the study. It includes a series of tables and graphs that illustrate the findings of the research. The data shows a clear trend in the relationship between the variables studied.

4. The fourth part of the document discusses the implications of the findings. It highlights the potential applications of the research in various fields and the need for further investigation in this area.

5. The fifth part of the document provides a conclusion and a summary of the key points. It reiterates the importance of the research and the need for continued efforts in this field.

6. The sixth part of the document includes a list of references and a bibliography. It cites the works of other researchers in the field and provides a comprehensive overview of the current state of knowledge.

7. The seventh part of the document contains a list of appendices and supplementary materials. These include additional data, charts, and tables that provide further detail on the study.

8. The eighth part of the document includes a list of acknowledgments and a list of authors. It expresses gratitude to the individuals and organizations that supported the research and identifies the authors of the document.

Signage:

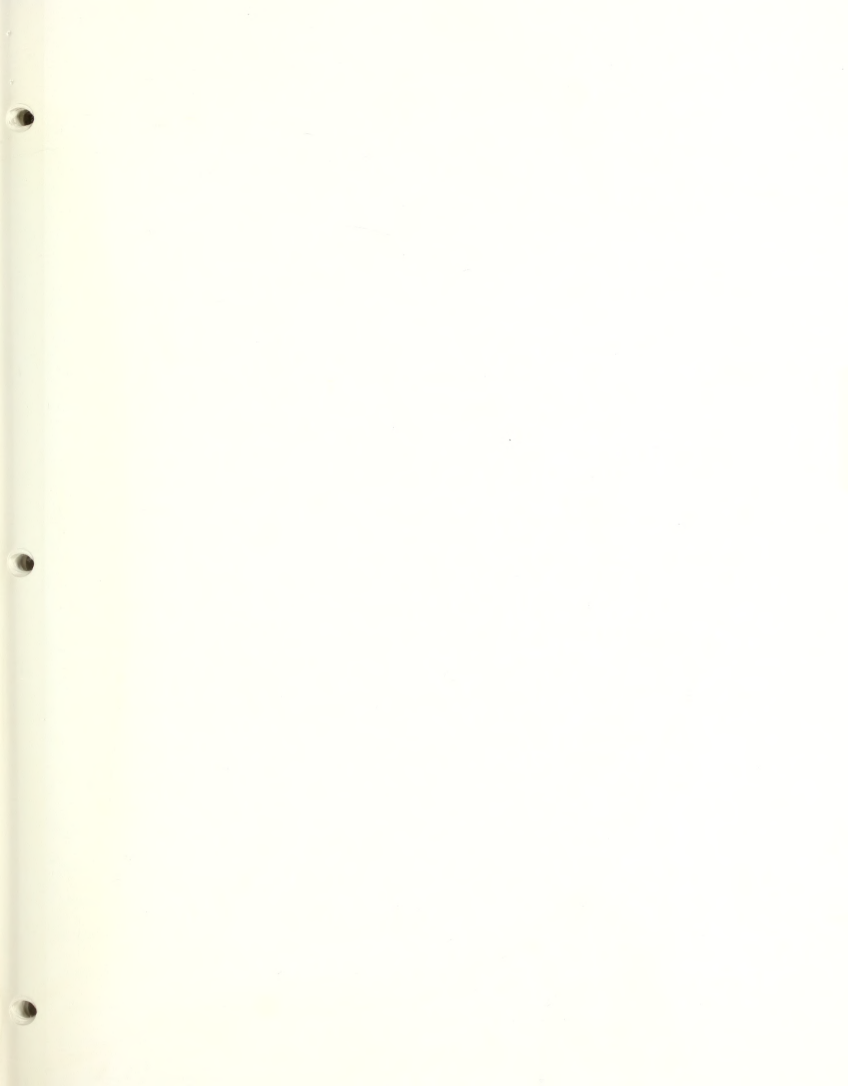
The Authority and the Navy have the right to approve all signage related to the use of the facility.

Other

Provisions:

An operation/management agreement with a qualified, licensed childcare provider must remain in effect for the term of the Sublease. If TIHDI or Tri-Cities Children Centers terminate the operating agreement, and no alternative, suitable childcare provider is obtained, the Authority reserves the right to terminate the Sublease with TCCC.





Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Authorizing the extension of a
Use Permit for an additional three months for use of
Pier 1 with Power Engineering Contractors, Inc. (*Action Item*)

Agenda Item No. 12

Contact Person/Phone: Marianne Conarroe
(415) 274-0660

Meeting Date: 10/17//2001

SUMMARY OF PROPOSED ACTION:

Staff seeks the authorization for three month extension of a Use Permit with Power Engineering Contractors, Inc. for use of Pier 1.

BACKGROUND:

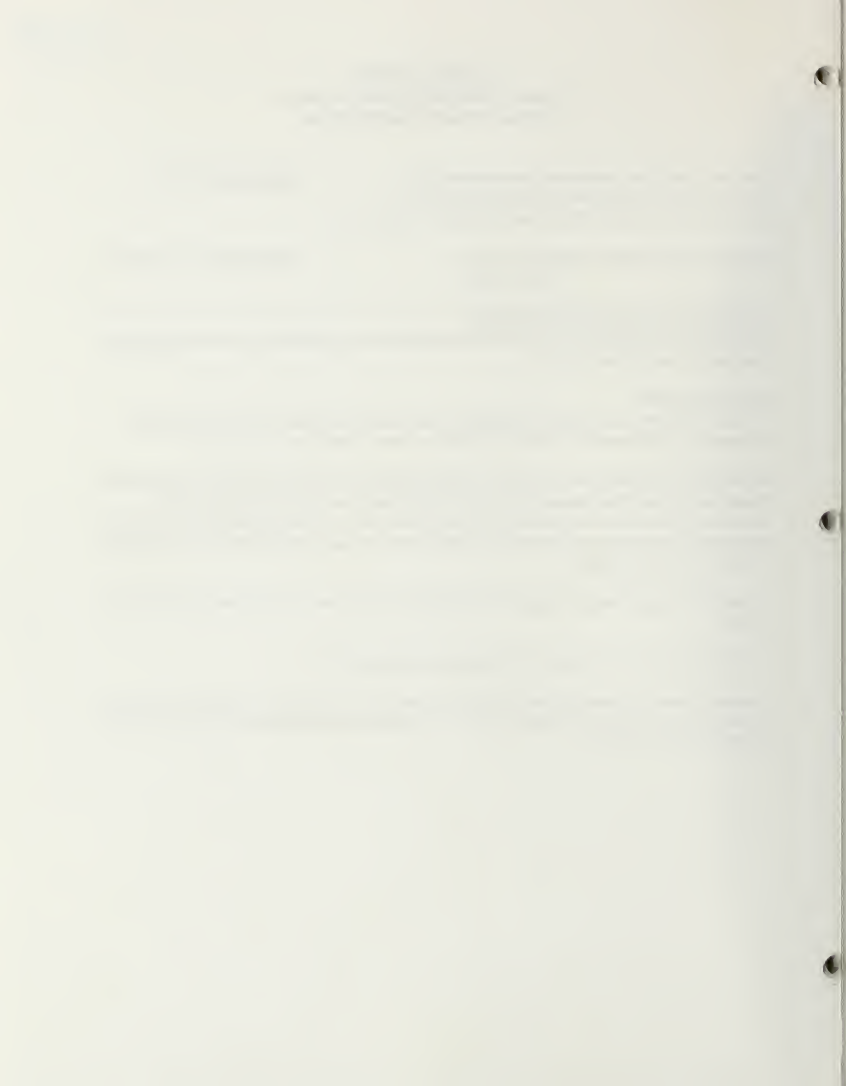
In April of this year, the Project Office issued a six month Use Permit to Power Engineering Contractors for the use of 150 linear feet on the northern side of Pier 1. (Exhibit A).

Based out of Alameda Point in Alameda, Power Engineering Contractors has been replacing the fenders at the base of the support towers for the San Francisco-Oakland Bay Bridge. By mooring a 90 foot crane barge and a 40 foot tug boat at Pier 1, Power Engineering Contractors is able to reduce the amount of time used to transport the necessary materials and crew to the work site at the base of the Bridge.

Power Engineering Contractors pays the Authority \$3,000.00 per month for the term of the Use Permit.

All parking of the crew vehicles is off the Pier in an adjacent lot.

The area Power Engineering Contractors uses is located on the north side of the pier and does not significantly impact any other activity on Pier 1. Staff recommends that the Authority authorize the three month extension.



1 [Power Engineering Contractors, Inc. Use Permit]

2 AUTHORIZING THE EXTENSION OF A SIX MONTH USE PERMIT WITH POWER
3 ENGINEERING CONTRACTORS FOR AN ADDITIONAL THREE MONTHS.

4
5 **WHEREAS**, On May 2, 1997, the Board of Supervisors (the "Board") passed
6 Resolution No. 380-97, authorizing the Mayor's Treasure Island Project Office to
7 establish a nonprofit public benefit corporation known as the Treasure Island
8 Development Authority (the "Authority") to act as a single entity focused on the
9 planning, redevelopment, reconstruction, rehabilitation, reuse and conversion of
10 former Naval Station Treasure Island (the "Base") for the public interest, convenience,
11 welfare and common benefit of the inhabitants of the City and County of San
12 Francisco; and,

13
14 **WHEREAS**, Under the Treasure Island Conversion Act of 1997, (the "Act"), the
15 California legislature (i) designated the Authority as a redevelopment agency under
16 California redevelopment law with authority over the Base upon approval of the City's
17 Board of Supervisors, and, (ii) with respect to those portions of the Base which are
18 subject to the Tidelands Trust, vested in the Authority the authority to administer the
19 public trust for commerce, navigation and fisheries as to such property; and,

20
21 **WHEREAS**, The Authority has received an expressed interest from Power
22 Engineering Contractors, Inc. ("the Premittee") to use the northern outside portion of
23 Pier 1 on Treasure Island for the purpose to moor their 150 foot barge as part of its
24 construction to replace the fenders on the Bay Bridge; and,

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1 **WHEREAS**, the Authority and Permittee entered into a six-month Use Permit
2 dated April 23, 2001 (the "Permit") pursuant to which the Authority conferred to
3 Permittee, a personal, non-exclusive and non-possessionary privilege to enter upon and
4 use an area (the "Licensed Area") consisting of approximately 150 linear feet of space
5 along the edge of Pier 1; and

6 **WHEREAS**, the Authority is willing to extend the term of the Permit for an
7 additional three months; now therefore, be it

8 **RESOLVED**, That the Board of Directors hereby authorizes the Executive
9 Director to extend the term of the Permit for an additional three months and to execute
10 an amendment to the Use Permit for such extension.

11
12
13 **CERTIFICATE OF SECRETARY**

14 I hereby certify that I am the duly elected and acting Secretary of the Treasure
15 Island Development Authority, a California nonprofit benefit corporation, and
16 that the above Resolution was duly adopted and approved by the Board of
17 Directors of the Authority at a properly noticed meeting on October 17, 2001.

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20 _____
 John Elberling, Secretary

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USE PERMIT

THIS USE PERMIT (this "Permit") dated for reference purposes only as of October 4, 2001 is made by and between the TREASURE ISLAND DEVELOPMENT AUTHORITY ("Authority") and POWER ENGINEERING CONTRACTORS, (Permittee").

RECITALS

WHEREAS, pursuant to that certain Lease for the South Waterfront Area, Naval Station Treasure Island, dated September 4, 1998 (the "Master Lease"), by and between the Authority and the Department of Navy (the "Navy"), a copy of which is attached hereto as Exhibit A, the Authority has the right to use those portions of Pier 1, located on Naval Station Treasure Island hereto (the "Premises"); and

WHEREAS, Permittee seeks to use portions of Pier 1 of the Premises for the purposes stated herein, subject to the terms and conditions of this Permit.

NOW THEREFORE, for good and valuable consideration, the receipt of which is hereby acknowledged, Authority and Permittee agree as follows:

1. **License**. Authority confers to Permittee a, personal, non-exclusive and non-possessory privilege to enter upon and use Piers 1 as depicted in Exhibit A, attached (hereafter collectively referred to as, the "License Area"), for the limited purpose and subject to the terms, conditions and restrictions set forth below. The privilege given to Permittee under this Permit is effective only insofar as the rights of Authority in the License Area are concerned, and Permittee shall obtain any further permission necessary because of any other existing rights affecting the License Area, or any portion thereof.

In recognition of the non-exclusive nature of this Permit, Permittee acknowledges and agrees that if Authority needs access to the License Area for a specific purpose or otherwise, Permittee shall temporarily relocate any vessel berthed at the License Area to accommodate such use by the Authority upon reasonable advance notice. Permittee further agrees that in the event of any emergency, Authority and its agents and employees shall be authorized to move any vessel berthed at the License Area, without liability to Authority or its agents or employees for damages or loss of any kind, except for any damage or loss occurring as a result of the willful misconduct of Authority or its agents or employees.

2. **Inspection of License Area**. Permittee represents and warrants that Permittee has conducted a thorough and diligent inspection and investigation, either independently or through its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns, and each of them, ("Permittee's Agents") of the License Area and the suitability of the License Area for Permittee's intended use. Permittee is fully aware of the needs of its operations and has determined, based solely on its own investigation, that the License Area is suitable for its operations and intended uses.

3. **As Is; Disclaimer of Representations** Permittee acknowledges and agrees that the License Area is being licensed and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Premises (including the License Area), or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties ("Laws") governing the use, occupancy, management, operation and possession of the Premises (including the License Area). Without limiting the foregoing, this Permit is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Premises (including the License Area), or any portion thereof, whether or not of record. Permittee acknowledges and agrees that neither Authority nor any of its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their respective heirs, legal representatives, successors and assigns ("Authority's Agents") have made, and Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Premises (including the License Area), (ii) the physical, geological, seismological or environmental condition of the Premises (including the License Area), (iii) the existence of, quality, nature or adequacy of any utilities or maritime services serving the Premises (including the License Area), (iv) the feasibility, cost or legality of constructing any Alterations on the Premises (including the License Area) if required for Permittee's use and permitted under this Permit, (v) the safety of the Premises (including the License Area and any floats, walkways, docks, slips or equipment in the License Area), whether for the use of Permittee or any other person, including Permittee's Agents or Permittee's clients, customers, vendors, invitees, guests, members, licensees, assignees or Permittees ("Permittee's Invitees"), or (vi) any other matter whatsoever relating to the Premises (including the License Area) or their use, including, without limitation, any implied warranties of MERCHANTABILITY or FITNESS FOR A PARTICULAR PURPOSE.

4. **Seismic Report.** Without limiting Section 3 above, Permittee expressly acknowledges for itself and Permittee's Agents that it received and read that certain report dated August 1995, entitled "*Treasure Island Reuse Plan: Physical Characteristics, Building and Infrastructure Conditions*," prepared for the Office of Military Base Conversion, Department of City Planning, and the Redevelopment Agency of the City and County of San Francisco, (the "Seismic Report"), a copy of the cover page of which is attached hereto as Exhibit D. Permittee has had an adequate opportunity to review the Seismic Report with expert consultants of its own choosing. The Seismic Report, among other matters, describes the conditions of the soils on Treasure Island and points out that in the area of the Premises where the License Area is located, an earthquake of magnitude 7 or greater is likely to cause the ground under and around the Premises (including the License Area) to spread laterally to a distance of ten (10) or more feet and/or result in other risks. In that event, there is a significant risk that buildings and any other structures or improvements located on or about the Premises (including the License Area) may fail structurally and collapse.

5. **Use of License Area** Permittee may enter and use Pier 1 as for the purpose of temporary berthing facility of the vessel belonging to *Power Engineering Contractors* as further defined in Exhibit B, Permitted Uses. No sale or consumption of alcoholic beverages shall be permitted.

(a) **Maintenance and Repairs.** Permittee shall at all times during the term of this Permit and at its sole cost and expense, maintain and repair in good and working order, condition and repair the License Area and all improvements and alterations thereon, including without limitation, and Permitted Improvements (as defined below). Authority shall not be obligated to make any repairs, replacement or renewals of any kind, nature or description whatsoever to the License Area nor to any improvements or alterations now or hereafter located thereon. In the event the Permittee, its Agents or Invitees cause any damage (excepting ordinary wear and tear) to the License Area, Authority may repair the same at Permittee's expense and Permittee shall immediately reimburse Authority therefor.

(b) **Liens.** Permittee shall keep the License Area free from any liens arising out of any work performed, materials furnished or obligations incurred by Permittee or its Agents. In the event that Permittee shall not, within twenty (20) days following the imposition of any such lien, cause the same to be released of record, Authority shall have, in addition to all other remedies provided by this Permit or by Law, the right but not the obligation to cause the same to be released by such means as it shall deem proper, including without limitation, payment of the claim giving rise to such lien. All sums paid by Authority for such purpose and all reasonable expenses incurred by Authority in connection therewith shall be payable to Authority by Permittee within thirty (30) days following written demand by Authority.

6. **Restrictions on Use.** Permittee agrees that, by way of example only and without limitation, the following uses of the License Area by Permittee, or any other person claiming by or through Permittee, are inconsistent with the limited purpose of this Permit and are strictly prohibited as provided below:

(a) **Hazardous Material.** Permittee shall not cause, nor shall Permittee allow any of its Agents or Invitees (as such terms are defined below) to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated or disposed of in, on or about the License Area, or transported to or from the License Area without the prior written consent of Authority. Permittee shall immediately notify Authority when Permittee learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on or about the License Area. Permittee shall further comply with all laws requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary to mitigate the release or minimize the spread of contamination. In the event that Permittee or its Agents or Invitees cause a release of Hazardous Material, Permittee shall, without cost to Authority and in accordance with all laws and regulations, return the License Area to the condition immediately prior to the release. In connection therewith, Permittee shall afford Authority a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material. For purposes hereof, "Hazardous Material" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance, pollutant or contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 *et seq.*, or pursuant to Section 25316 of the California Health & Safety Code; a "hazardous waste" listed pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or

not such materials are part of the License Area or are naturally occurring substances in the License Area, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term "**release**" or "**threatened release**" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about the License Area.

(b) **Nuisances**. Permittee shall not conduct any activities on or about the License Area that constitute waste, nuisance or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises or lights) to Authority, to the owners or occupants of neighboring property or to the public.

(c) **Damage**. Permittee shall not do anything about the License Area that could cause damage to the License Area or any Authority property. Authority hereby acknowledges that construction of the Permitted Improvements (as defined below) shall not constitute "damage" to the License Area under this Section 6(c).

(d) **Parking**. Parking of any vehicles on Pier 1 is strictly prohibited except for the sole purpose of loading and unloading of equipment and official personnel as needed for the access to Vessel. Parking of vehicles is available off of the Pier next to the entrance gate. To the extent practicable, Permittee shall use its best efforts to encourage ride-sharing, the use of shuttle busses or other pooled-means of transportation to and from the License Area.

(e) **Utilities and Services**.

(i) **Utilities**. Authority shall provide hookups for electricity and water for use by Permittee on or in the License Area. Permittee shall pay all charges for the use of said electricity and water and sewer hook ups and services.

(ii) **Services**. Permittee shall make arrangements and shall pay all charges for all services to be furnished on, in or to the License Area or to be used by Permittee, including without limitation, garbage and trash collection, janitorial service and extermination service (if any).

7. **Alterations and Improvements**. Except as otherwise expressly provided herein, Permittee shall not construct or place any temporary or permanent structures or improvements in, on, under or about the License Area, nor shall Permittee make any alterations or additions to any of existing structures or improvements on the License Area, unless Permittee first obtains Authority's prior written consent, which Authority may give or withhold in its sole and absolute discretion.

(a) All alterations and improvements shall be constructed in a good and workmanlike manner and in compliance with all applicable building, zoning and other applicable laws, and in compliance with the terms of and the conditions imposed by any authorization, approval or permit by any governmental agency having jurisdiction over the License Area, including but not limited to the Bay Conservation and Development Commission ("BCDC").

- (b) All alterations and improvements shall be performed with reasonable dispatch, delays beyond the reasonable control of Permittee excepted.
- (c) All alterations or improvements to the License Area made by or on behalf of Permittee which may not be removed without substantial injury to the License Area shall become part of the realty, shall be owned by the Authority and shall, on the termination of this Permit, remain on the License Area without compensation to Permittee, unless the Authority first waives its right to the alterations or improvements in writing. All other alterations or improvements to the License Area shall be the property of Permittee.
- (d) Except as otherwise stated above, Permittee shall be obligated at its own expense to remove and relocate or demolish and remove (as Permittee may choose) any or all alterations or improvements which Permittee has made to the License Area, including without limitation all telephone wiring and equipment installed by Permittee. Permittee shall repair, at its own expense, in good workmanlike fashion any damage occasioned thereby.
- (e) If Permittee constructs any alterations or improvements to the License Area without Authority's prior written consent or without complying with subsections 7(a) and 7(b) above, then, in addition to any other remedy available to the Authority, Authority may require Permittee to remove, at Permittee's expense, any or all such alterations or improvements and to repair, at Permittee's expense and in good workmanlike fashion, any damage occasioned thereby. Permittee shall pay to Authority all special inspection fees as set forth in the San Francisco Building Code for inspection of work performed without required permits.

8. **Term of Permit** The privilege conferred to Permittee pursuant to this Permit shall begin at 6:00 a.m. on Monday October 22, 2001 to use Piers 1 and shall automatically expire at 6:00 p.m. on Monday, January 22, 2002. Moreover, if the South Waterfront Lease terminates for any reason whatsoever, this Permit shall automatically terminate.

9. **Compliance with Laws** Permittee shall, at its expense, conduct and cause to be conducted all activities on the License Area (including without limitation, the reconstruction of the surface area of Pier 1 and the installation of any other Permitted Improvements) allowed hereunder in a safe and reasonable manner and in compliance with all laws, regulations, ordinances and orders of any governmental or other regulatory entity (including, without limitation, the Americans with Disabilities Act) whether presently in effect or subsequently adopted and whether or not in the contemplation of the parties. Permittee shall, at its sole expense, procure and maintain in force at all times during its use of the License Area any and all business and other licenses or approvals necessary to conduct the activities allowed hereunder. Permittee understands and agrees that Authority is entering into this Permit in its capacity as a property owner with a proprietary interest in the License Area and not as a regulatory agency with police powers. Permittee further understands and agrees that no approval by Authority for purposes of this Permit shall be deemed to constitute approval of any federal, state, City or other local regulatory authority with jurisdiction, and nothing herein shall limit Permittee's obligation to obtain all such regulatory approvals at Permittee's sole cost or limit in any way Authority's exercise of its police powers. Without limiting the foregoing, before beginning any work in the

License Area, Permittee shall obtain any and all permits, licenses and approvals (collectively, "approvals") of all regulatory agencies and other third parties that are required to commence and complete the Permitted Improvements.

10. **Surrender** Upon the expiration of this Permit, Permittee shall surrender the License Area in the same condition as received, free from hazards and clear of all debris, except as otherwise provided herein. At such time, Permittee shall remove all of its property from the License Area, and shall repair, at its cost, any damage to the License Area caused by such removal. Permittee's obligations under this Section shall survive any termination of this Permit.

11. **Security** Should the Permittee determine that security is needed, Permittee shall arrange for the provision of additional security for the License Area, on terms and conditions reasonably satisfactory to Authority.

12. **Release and Waiver of Claims; Indemnification**

12.1 **Release and Waiver of Claims** Permittee, on behalf of itself and Permittee's Agents, covenants and agrees that the Authority shall not be responsible for or liable to Permittee for, and, to the fullest extent allowed by any Laws, Permittee hereby waives all rights against the Authority and releases them from, any and all claims, demands, losses, liabilities, damages, liens, injuries, penalties, fines, lawsuits and other proceedings, judgments and awards and costs and expenses, including, without limitation, reasonable attorneys' and consultants' fees and costs ("Losses"), including, but not limited to, incidental and consequential damages, relating to any injury, accident or death of any person or loss or damage to any property, in or about the License Area, during the term hereof, from any cause whatsoever, including without limitation, partial or complete collapse of the buildings or other improvements thereon due to an earthquake or subsidence, except only to the extent such Losses are caused exclusively by the negligence or willful misconduct of the Authority (except as provided in Section 12.1(a) below). Without limiting the generality of the foregoing:

(a) Without limiting any other waiver contained herein, Permittee on behalf of itself and its successors and assigns, hereby waives its right to recover from, and forever RELEASES, WAIVES AND DISCHARGES, the Authority from any and all Losses, whether direct or indirect, known or unknown, foreseen and unforeseen, that may arise on account of or in any way be connected with the Authority's decision to allow Permittee to use the License Area, regardless of whether or not such decision is or may be determined to be an act of gross negligence or willful misconduct of the Authority.

(b) Permittee covenants and agrees never to file, commence, prosecute or cause to be filed, commenced or prosecuted against the Authority any claim, action or proceeding based upon any claims, demands, causes of action, obligations, damages, losses, costs, expenses or liabilities of any nature whatsoever encompassed by the waivers and releases set forth in this Section 12.1.

(c) In executing these waivers and releases, Permittee has not relied upon any representation or statement other than as expressly set forth herein.

(d) Permittee has made such investigation of the facts pertaining to these waivers and releases as it deems necessary and assumes the risk of mistake with respect to such facts. These waivers and releases are intended to be final and binding on Permittee regardless of any claims of mistake.

(e) In connection with the foregoing releases, Permittee acknowledges that it is familiar with Section 1542 of the California Civil Code, which reads:

A general release does not extend to claims which the creditor does not know or suspect to exist in his favor at the time of executing the release, which if known by him must have materially affected his settlement with the debtor.

12.2 Permittee acknowledges that the releases contained herein includes all known and unknown, disclosed and undisclosed, and anticipated and unanticipated claims. Permittee realizes and acknowledges that it has agreed upon this Permit in light of this realization and, being fully aware of this situation, it nevertheless intends to waive the benefit of Civil Code Section 1542, or any statute or other similar law now or later in effect. The waivers and releases contained herein shall survive any termination of this Permit.

12.3 **Permittee's Indemnity** Permittee, on behalf of itself and Permittee's Agents, shall indemnify, protect, defend and hold harmless forever ("Indemnify") the Authority from and against any and all Losses, expressly including but not limited to, any Losses arising out of a partial or complete collapse of any building located on the License Area due to an earthquake or subsidence, incurred in connection with or arising directly or indirectly, in whole or in part, out of: (a) any damage to or destruction of any property owned by or in the custody of Permittee or Permittee's Agents or Permittee's Invitees, (b) any accident, injury to or death of a person, including, without limitation, Permittee's Agents and Permittee's Invitees, howsoever or by whomsoever caused, occurring in, on or about the License Area during the term hereof (c) any default by Permittee in the observation or performance of any of the terms, covenants or conditions of this Permit to be observed or performed on Permittee's part; (d) the use, occupancy, conduct or management, or manner of use, occupancy, conduct or management by Permittee, Permittee's Agents or Permittee's Invitees or any person or entity claiming through or under any of them, of the License Area or any Alterations; (e) the condition of the License Area, (f) any construction or other work undertaken by Permittee on or about the License Area whether before or during the Term of this Permit; or (g) any acts, omissions or negligence of Permittee, Permittee's Agents or Permittee's Invitees, or of any trespassers, in, on or about the License Area during the term hereof or any alterations; except to the extent that such Indemnity is void or otherwise unenforceable under any applicable Laws in effect on or validly retroactive to the date of this Permit and further except only to the extent such Losses are caused by the negligence or intentional wrongful acts and omissions of the Authority. Notwithstanding the foregoing, Permittee's obligations to indemnify the Authority under this Section 12.3 shall remain in full force and effect regardless of whether or not the Authority's decision to permit the License Area to the Permittee, given the seismic condition of the property, is or may be determined to be an act of gross negligence or willful misconduct of the Authority. The foregoing Indemnity shall include, without limitation, reasonable fees of attorneys, consultants and experts and related costs and Authority's costs of investigating any Loss. Permittee specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority from any claim

which actually or potentially falls within this indemnity provision even if such allegation is or may be groundless, fraudulent or false, which obligation arises at the time such claim is tendered to Permittee by Authority and continues at all times thereafter. Permittee's obligations under this Section shall survive the expiration or sooner termination of this Permit. Notwithstanding anything contained herein, to the extent such Losses are not covered by insurance required herein and subject to this Section 12.3, Permittee shall have no obligation to repair, restore or reconstruct the License Area (or to pay for the same) in the event the License Area is damaged or destroyed by an earthquake or subsidence or by any other uninsured casualty.

13. INSURANCE

13.1 Permittee's Insurance. Permittee shall procure and maintain throughout the Term of this Permit and pay the cost thereof the following insurance:

(a). Permittee shall at all times, at its cost, also maintain insurance for the mutual benefit of Authority and Permittee against:

(i) Claims for personal injury under a policy of commercial general liability insurance with limits not less than \$10,000,000 each occurrence Combined Single Limit for Bodily Injury and property Damage, including coverages for Contractual Liability, personal Injury, Liquor Liability, Products and Completed Operations, covering, including without limitation, claims for bodily injury, property damage or employer's liability occurring in or upon the License Area arising from earthquakes or subsidence. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CG-00-01-11-88.

(ii) Worker's compensation insurance with employer's liability insurance covering all persons employed and with respect to whom death or bodily injury claims could be asserted against Authority, Permittee, the License Area or any other Authority property, in an amount not less than \$1,000,000 each accident.

(iii) Automobile liability insurance with limits not less than \$1,000,000 each occurrence combined single limit for bodily injury and property damage, including owned and non-owned and hired vehicles, if Permittee uses automobiles in connection with its use of the License Area. Such insurance shall provide coverage at least as broad as provided under Insurance Service Form Number CA-00-01-06-92.

(iv) Protection and Indemnity insurance, with limits not less than \$1,000,000 each occurrence, including coverage for injury or damage to other parties or their property, arising from the operation of any Vessels under this Permit, and including coverage for illness, injury or death of the master or members of the crew, with any deductible not to exceed \$10,000 each occurrence.

(v) Water Pollution Liability insurance, with limits not less than One Million Dollars (\$1,000,000) each occurrence and any deductible not to exceed \$5,000 each occurrence.

(vi) Coverage for Jones Act benefits and U.S. Longshore and Harbor Workers' Act benefits, each in form and amount acceptable to Authority.

13.2 General Requirements. All insurance provided for under this Permit shall be effected under valid enforceable policies issued by insurers of recognized responsibility and reasonably approved by Authority.

(a) Should any of the required insurance be provided under a claims-made form, Permittee shall maintain such coverage continuously throughout the term hereof and, without lapse, for a period of one (1) year beyond the expiration or termination of this Permit, to the effect that, should occurrences during the Term give rise to claims made after expiration or termination of this Permit, such claims shall be covered by such claims-made policies.

(b) Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general aggregate limit shall double the occurrence or claims limits specified above.

(c) All liability insurance policies shall be endorsed to provide the following:

(i) Cover Permittee as the insured and the Authority as an additional insured.

(ii) That such policies are primary insurance to any other insurance available to the additional insureds, with respect to any claims arising out of this Permit, and that insurance applies separately to each insured against whom claim is made or suit is brought. Such policies shall also provide for severability of interests and that an act or omission of one of the named insureds which would void or otherwise reduce coverage shall not reduce or void the coverage as to any insured, and shall afford coverage for all claims based on acts, omissions, injury or damage which occurred or arose (or the onset of which occurred or arose) in whole or in part during the policy period.

13.3 Proof of Insurance. Permittee shall deliver to Authority certificates of insurance in form and with insurers satisfactory to Authority, evidencing the coverage required hereunder, on or before the commencement date of this Permit, together with complete copies of the policies promptly upon Authority's request. As to the insurance required pursuant to Section 13.1(a)(1) above, such certificate shall state, among other things, that such insurance coverage includes and shall cover Permittee's indemnity obligations under Section 12.3 above. In the event Permittee shall fail to procure such insurance, or to deliver such policies or certificates, Authority may, at its option, procure the same for the account of Permittee, and the cost thereof shall be paid to Authority within five (5) days after delivery to Permittee of bills therefor.

13.4 No Limitation on Indemnities. Permittee's compliance with the provisions of this Section shall in no way relieve or decrease Permittee's indemnification obligations herein or any of Permittee's other obligations or liabilities under this Permit.

13.5 Lapse of Insurance Authority may elect in Authority's sole and absolute discretion to terminate this Permit upon the lapse of any required insurance coverage by written notice to Permittee.

13.6 Permittee's Personal Property Permittee shall be responsible, at its expense, for separately insuring Permittee's Personal Property.

13.7 Waiver of Subrogation Notwithstanding anything to the contrary contained herein, to the extent permitted by their respective policies of insurance, Authority and Permittee each hereby waive any right of recovery against the other party and against any other party maintaining a policy of insurance covering the License Area and their contents, or any portion thereof, for any loss or damage maintained by such other party with respect to the License Area, or any portion thereof or the contents of the same or any operation therein, whether or not such loss is caused by the fault or negligence of such other party. If any policy of insurance relating to the License Area carried by Permittee does not permit the foregoing waiver or if the coverage under any such policy would be invalidated due to such waiver, Permittee shall obtain, if possible, from the insurer under such policy a waiver of all rights of subrogation the insurer might have against Authority or any other party maintaining a policy of insurance covering the same loss, in connection with any claim, loss or damage covered by such policy.

14. No Assignment This Permit is personal to Permittee and shall not be assigned, conveyed or otherwise transferred by Permittee under any circumstances. Any attempt to assign this Permit shall be void.

15. Parties and their Agents and Invitees; Approvals As used herein, the term "Agents" when used with respect to either party shall include the agents, employees, officers and contractors of such party. The term "Invitees" when used with respect to either party shall mean any person entering the Premises or the License Area with Permittee's express or implied permission. All approvals, consents or other determinations permitted or required by Authority hereunder shall be made by or through the Authority's Executive Director or her authorized designee.

16. MacBride Principles - Northern Ireland The City and County of San Francisco urges companies doing business in Northern Ireland to move toward resolving employment inequities and encourages them to abide by the MacBride Principles as expressed in San Francisco Administrative Code Section 12F.1, et seq. The City and County of San Francisco also urges San Francisco companies to do business with corporations that abide by the MacBride Principles. Permittee acknowledges that it has read and understands the above statement of the City and County of San Francisco concerning doing business in Northern Ireland.

17. Non-Discrimination Permittee shall not, in the operation and use of the License Area, discriminate against any person or group of persons solely because of race, color, creed, national origin, ancestry, age, sex, sexual orientation, gender identity, disability or acquired immune deficiency syndrome (AIDS) or AIDS related condition (ARC). The provisions of Chapters 12B and 12C of the San Francisco Administrative Code, relating to nondiscrimination by parties contracting with the City and County of San Francisco, are incorporated herein by reference and made a part hereof as though fully set forth herein. Permittee agrees to comply with all of the

provisions of such Chapters 12B and 12C that apply to parties contracting with the City and County of San Francisco.

18. Tropical Hardwoods and Virgin Redwood. The City and County of San Francisco urges companies not to import, purchase, obtain or use for any purpose, any tropical hardwood, tropical hardwood product, virgin redwood or virgin redwood wood product.

19. No Tobacco Advertising Permittee acknowledges and agrees that no advertising of cigarettes or tobacco products is allowed on any real property owned by or under the control of the Authority, including the property which is the subject of this Permit. This prohibition includes the placement of the name of a company producing, selling or distributing cigarettes or tobacco products or the name of any cigarette or tobacco product in any promotion of any event or product. This prohibition does not apply to any advertisement sponsored by a state, local or nonprofit entity designed to communicate the health hazards of cigarettes and tobacco products or to encourage people not to smoke or to stop smoking.

20. Maritime Liens. By execution of this Permit, Permittee acknowledges and agrees that pursuant to Harbors and Navigation Code Sections 491, 501, the Federal Maritime Lien Act (46 U.S.C. Sections 971-975) and by the terms of this Permit, Authority shall have a lien on any and all vessels berthed at the License Area for money which may become due under this Permit. As provided in the foregoing statutes, Authority shall have the right to take possession and control of any such vessel and remove and store the vessel for the purpose of perfecting and executing upon Authority's lien rights in the vessel.

General Provisions. (a) This Permit may be amended or modified only by a writing signed by Authority and Permittee. (b) No waiver by any party of any of the provisions of this Permit shall be effective unless in writing and signed by an officer or other authorized representative, and only to the extent expressly provided in such written waiver. (c) This instrument (including the exhibit(s) hereto) contains the entire agreement between the parties and all prior written or oral negotiations, discussions, understandings and agreements are merged herein. (d) The section and other headings of this Permit are for convenience of reference only and shall be disregarded in the interpretation of this Permit. (e) Time is of the essence. (f) This Permit shall be governed by California law and City's Charter. (g) If either party commences an action against the other or a dispute arises under this Permit, the prevailing party shall be entitled to recover from the other reasonable attorneys' fees and costs. For purposes hereof, reasonable attorneys' fees of Authority shall be based on the fees regularly charged by private attorneys in San Francisco with comparable experience. (h) If Permittee consists of more than one person then the obligations of each person shall be joint and several. (i) Permittee may not record this Permit or any memorandum hereof. (j) Subject to the prohibition against assignments or other transfers by Permittee hereunder, this Permit shall be binding upon and inure to the benefit of the parties and their respective heirs, representatives, successors and assigns. (k) Any sale or conveyance of the property burdened by this Permit by Authority shall automatically revoke this Permit.

21. Permit Fees; Liquidated Damages for Failure to Surrender as Required. Permittee shall pay to TIDA a month-to month non-refundable permit fee in the amount of \$3,000.00 (Three Thousand Dollars) per month for the 150 feet of linear space at Pier 1 as provided above. The first monthly fee shall be due and payable when the Permit is executed by Permittee. The

permit fee shall be due and payable on the first day of each month and shall be delinquent if not paid by the seventh day of each month during the term of the permit.

22. **Security Deposit** Permittee shall pay a one time security deposit equal to one months rent of \$3,000.00.

**PERMITTEE:
POWER ENGINEERING CONTRACTORS**

By: _____
Name: _____
Its: _____

By: _____
Name: _____
Its: _____

**AUTHORITY:
TREASURE ISLAND DEVELOPMENT AUTHORITY**

Executive Director

APPROVED AS TO FORM:

LOUISE H. RENNE
City Attorney

By _____
Deputy City Attorney

EXHIBIT A
SOUTH WATERFRONT LEASE

EXHIBIT B

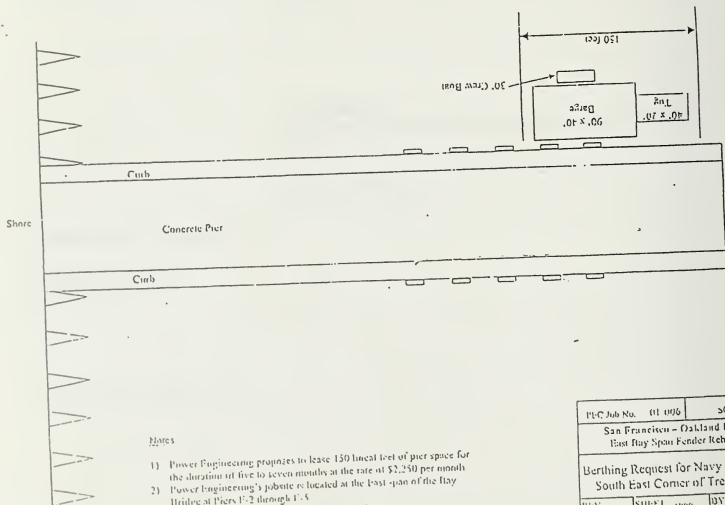
USE OF PREMISES

All that certain real property located on Treasure Island in San Francisco County, California, described as follows:

The permittee may enter and use Pier 1 for the purpose of mooring a 90 foot crane barge, a 30 foot crew boat, a 40 foot tug boat, and two 20 foot tool containers.

Parking on the Pier is only permissible for the sole purpose of loading or unloading of the barge. Once loading or unloading is complete, all parking of vehicles shall be off of the Pier at the adjacent lot.

All activities will take place beginning at 6:00 a.m. on Monday, October 22, 2001 to use Pier 1 and shall automatically expire after six months at 6:00 p.m. on Monday, January 22, 2002.



Notes

- 1) Power Engineering proposes to lease 150 lineal feet of pier space for the duration of five to seven months at the rate of \$2,250 per month
- 2) Power Engineering's jobsite is located at the East span of the Bay Bridge at Piers 1-2 through 1-5
- 3) Barge will be tied to the pier one quarter of the time
- 4) Crew boat will be tied to the pier half the time
- 5) Overlook and crew parking will be at the foot of the pier
- 6) Crew will consist of approximately seven men
- 7) Working time will depend on the state of the tide

PEC Job No.	01 1006	SCALE:	None
San Francisco - Oakland Bay Bridge East Span Span Fender Rehabilitation			
Berthing Request for Navy Concrete Pier South East Corner of Treasure Island			
REV	0	SHEET	1000
NO		BY	KH
DATE:		3/3/01	
Power Engineering Contractors, Inc. 1500 Ferry Point, Suite 200 Alameda, CA 94601			

EXHIBIT C
COVER PAGE OF SEISMIC REPORT

TREASURE ISLAND REUSE PLAN

EXISTING CONDITIONS REPORT: VOL. 2

PHYSICAL CHARACTERISTICS,
BUILDING AND INFRASTRUCTURE CONDITIONS

AUGUST 1995

PREPARED FOR:

The Office Of Military Base Conversion,
Planning Department, City & County of San Francisco,
and the San Francisco Redevelopment Agency

PREPARED BY:

ROMA Design Group
Cerbato & Associates Consulting Electrical Engineers
Cervantes Design Associates
Don Todd Associates, Inc.
Manna Consultants, Inc.
Moffatt & Nichol Engineers
Olivia Chen Consultants, Inc.
Takahashi Consulting Engineers
Treadwell & Rollo, Inc.



Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Authorizing the Executive Director to execute a contract with San Francisco Community Recyclers for the deconstruction of Buildings 128, 129, 130 and 131 on Treasure Island. (*Action Item*)

Agenda Item No. 13

Contact Person/Phone: Eila Arbuckle
Marianne Conarro
(415) 274-0660

Meeting Date: 10/17//2001

SUMMARY OF PROPOSED ACTION:

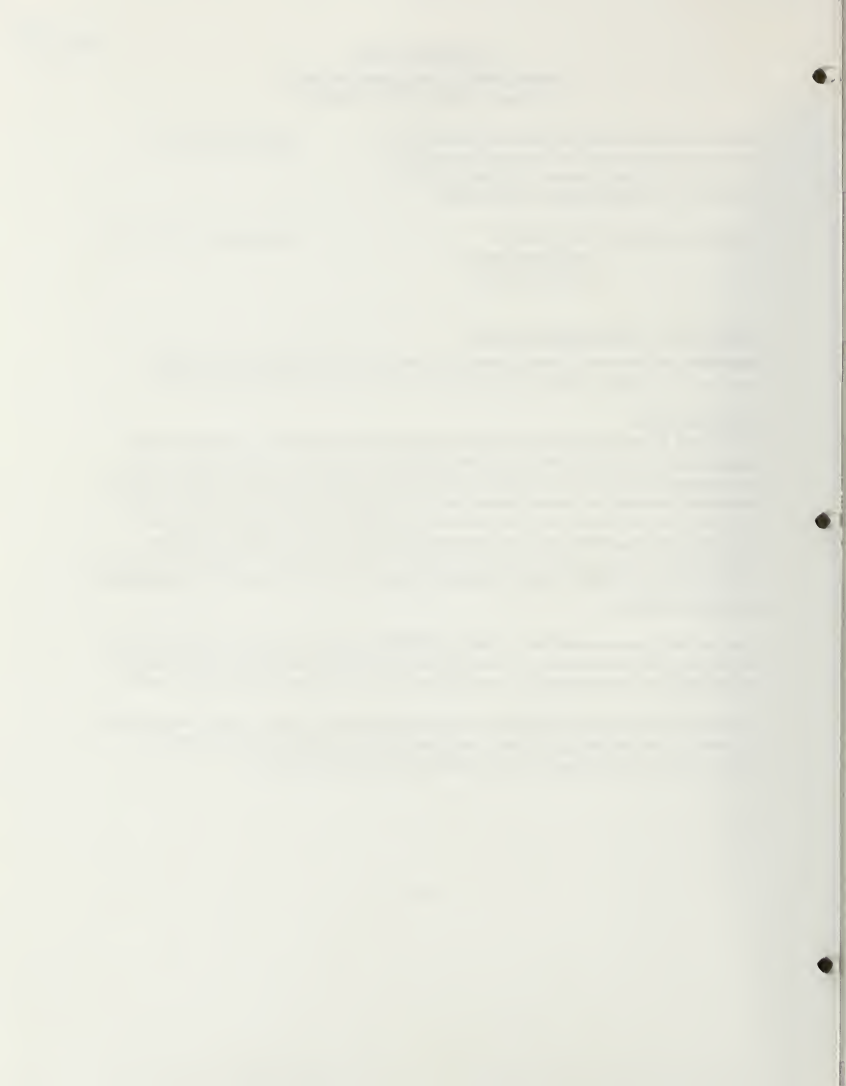
Authorizing the Executive Director to execute a contract with San Francisco Community Recyclers for the deconstruction of Buildings 128, 129, 130 and 131 on Treasure Island.

BACKGROUND:

In July 2000, the Authority authorized a grant application to the California Integrated Waste Management Board to fund the deconstruction of several buildings on Treasure Island. The grant request for \$98,174.00 was approved and staff has prepared a contract with San Francisco Community Recyclers, a Treasure Island Homeless Development Initiative (TIDHI) member organization to perform the work as a deconstruction project. San Francisco Community Recyclers will hire and train up to 10 disadvantaged San Francisco residents in building deconstruction. San Francisco Community Recyclers also will prepare a report and a brochure to document and promote how reusing old building materials can reduce the volume of materials disposed in landfills.

The four buildings are located in the middle of the island, off of 5th Street and Avenue F and borders to the Job Corps property. A map of the area is highlighted on page 27 of the contract. The buildings were built by the Navy in 1942 and are not more than 2,800 square feet each.

As with many of the unused buildings on Treasure Island, these structures have been the subject to vandalism and trespassing and pose a public safety hazard. Staff recommends that the Authority approve the contract with San Francisco Community Recyclers.



1 [San Francisco Community Recyclers Contract]

2 **RESOLUTION AUTHORIZING THE EXECUTIVE DIRECTOR TO EXECUTE A CONTRACT**
3 **WITH SAN FRANCISCO COMMUNITY RECYCLERS FOR THE DECONSTRUCTION OF**
4 **BUILDINGS 128, 129, 130 AND 131.**

5 WHEREAS, the Treasure Island Development Authority (Authority) through its
6 agreement with Treasure Island Homeless Development Initiative (TIDHI) has indicated
7 support for deconstruction as an environmentally preferred method of removing vacant,
8 deteriorated structures; and

9 WHEREAS, Public Resources Code Section 4200 authorizes the California Integrated
10 Waste Management to conduct market development activities to strengthen demand by
11 manufacturers and end-use consumers for recyclable materials collected by municipalities,
12 nonprofit organizations, and private entities; and

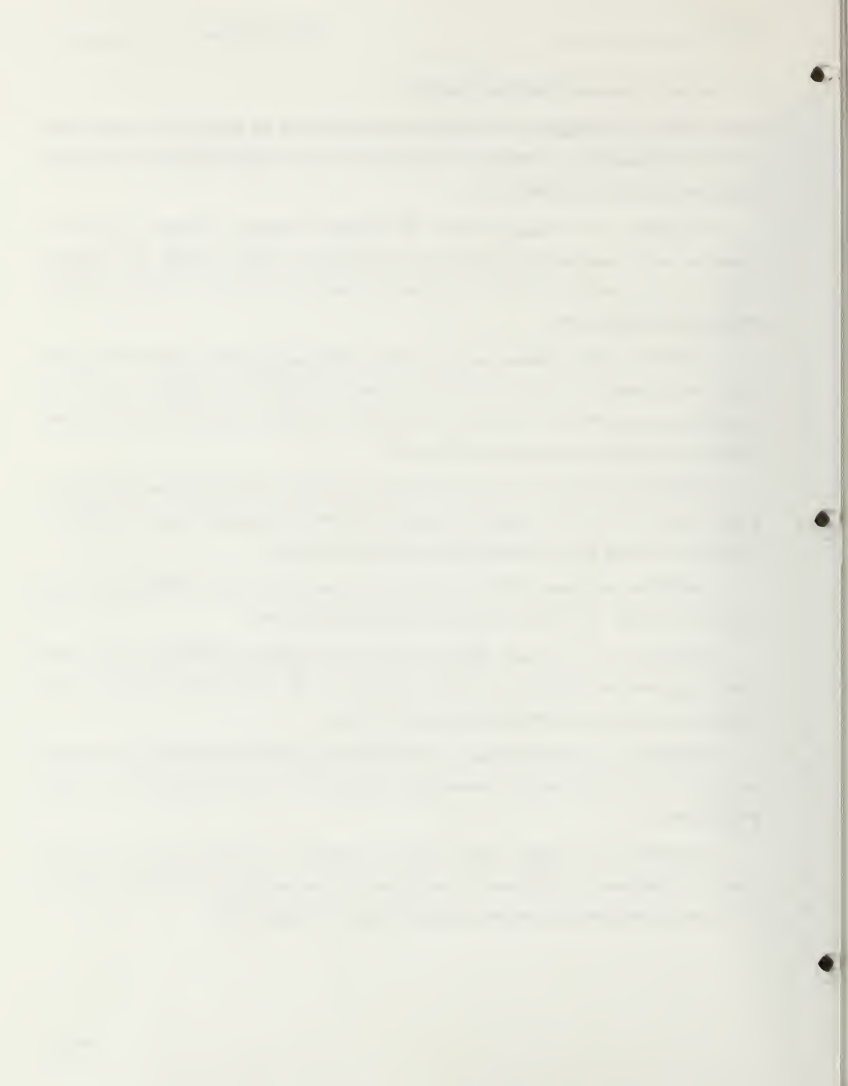
13 WHEREAS, on July 26, 2000, the Authority authorized and endorsed the submission of
14 a grant application to the California Integrated Waste Management Board (CIWMB) to
15 deconstruct Building 140 on Treasure Island for \$98,174.00; and

16 WHEREAS, on June 13, 2001, the Authority amended the Land and Structures Lease
17 to include buildings 129, 130 and 131 to the leased premises, and

18 WHEREAS, at the Project Office's request, the CIWMB amended the grant funded
19 project to substitute Buildings 128, 129, 130 and 131 for Building 140 because of the
20 excessive cost remove asbestos from Building 140; and

21 WHEREAS, the Authority's request to California Integrated Waste Management Board
22 for \$98,174.00 in grant funds to deconstruct buildings 128, 129, 130 and 131 has been
23 awarded; and

24 WHEREAS, the Project Office staff has prepared a contract for San Francisco
25 Community Recyclers, a TIDHI member organization to hire and train up to ten disadvantaged
San Francisco residents the process of deconstruction of buildings; and



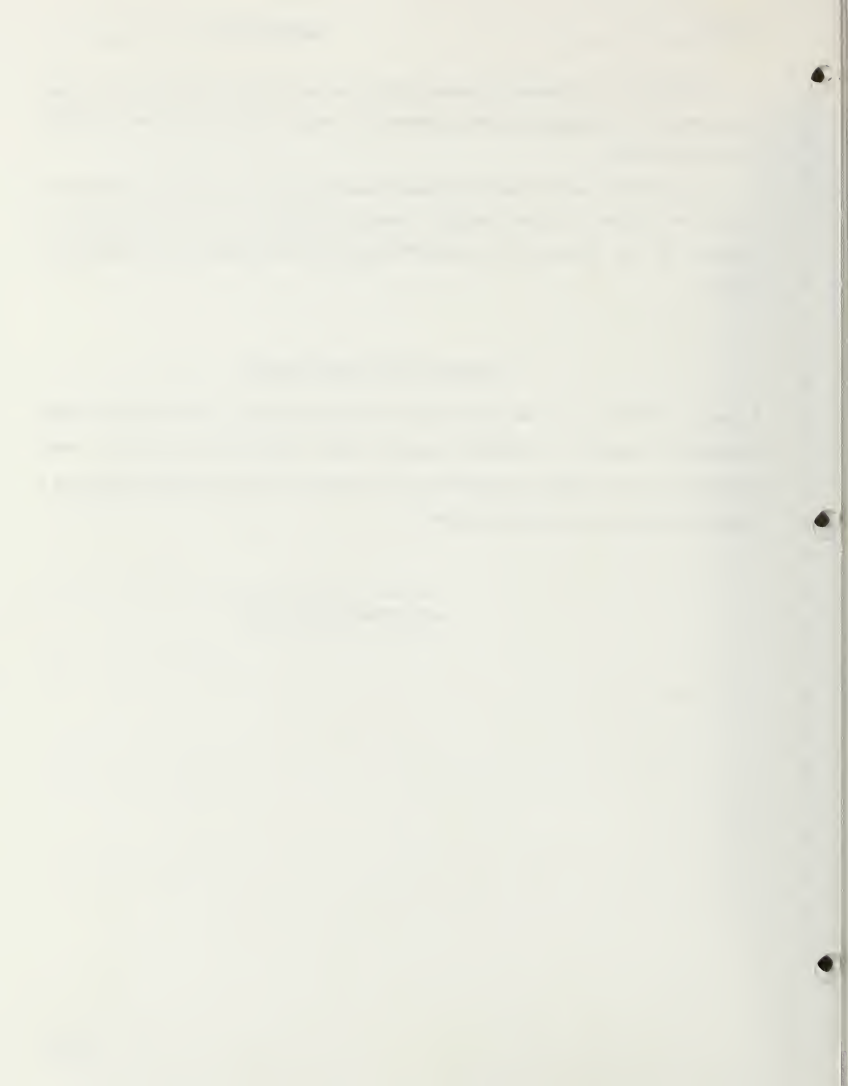
1 WHEREAS, San Francisco Community Recyclers will prepare a brochure to document
2 and promote how reusing old building materials can reduce the overall volume of landfills;
3 now therefore, be it

4 RESOLVED, That the Board of Directors hereby authorizes the Executive Director to
5 execute the contract with San Francisco Community Recyclers for the deconstruction of
6 Buildings 128, 129, 130 and 131 on Treasure Island in the substantially the form attached in
7 Exhibit A.

8
9 **CERTIFICATE OF SECRETARY**

10 I hereby certify that I am the duly elected and acting Secretary of the Treasure Island
11 Development Authority, a California nonprofit benefit corporation, and that the above
12 Resolution was duly adopted and approved by the Board of Directors of the Authority at a
13 properly noticed meeting on October 17, 2001.

14
15 _____
16 **John Elberling, Secretary**
17
18
19
20
21
22
23
24
25



**AGREEMENT FOR THE DECONSTRUCTION
OF BUILDINGS 128, 129, 130 & 131
ON TREASURE ISLAND**

THIS AGREEMENT is made this first day of September 2001, in the City and County of San Francisco, State of California, by and between SAN FRANCISCO COMMUNITY RECYCLERS, hereinafter referred to as "Contractor," and the TREASURE ISLAND DEVELOPMENT AUTHORITY, a public body, corporate and politic of the State of California, hereinafter referred to as the "Authority."

Recitals

WHEREAS, the Authority and the Treasure Island Homeless Development Initiative (TIHDI) entered into an agreement (the TIHDI Agreement) which indicated the Authority's support for deconstruction as an environmentally preferred method of removing vacant, deteriorated structures; and,

WHEREAS, the United States of America, acting by and through the Department of Navy ("Master Landlord") and the Authority entered into the Land and Structures Master Lease dated November 19, 1998 ("Master Lease") as amended from time to time. Under the Master Lease, the Master Landlord leased to the Authority, among other things, that property commonly known as Buildings 128, 129, 130, and 131 on Treasure Island, all as described and depicted on Exhibit A, attached hereto and made a part hereof. Buildings 128, 129, 130, and 131 are hereafter referred to herein collectively as the "Buildings" and individually as the "Building," and

WHEREAS, the Authority has entered into a grant agreement with the California Integrated Waste Management Board (CIWMB) for the deconstruction of the Buildings; and,

WHEREAS, The Board of Supervisors of the City and County of San Francisco ("Board") authorized the Authority to use the resources of Treasure Island to assist homeless persons in the City in furtherance of the draft Homeless Assistance Agreement through Resolution 672-96 dated July 25, 1996; and,

WHEREAS, Contractor represents and warrants that it is a member of the TIHDI and is qualified to perform the services required by Authority as set forth under this Agreement; and,

WHEREAS, the Authority wishes to examine a method of removing certain buildings from Treasure Island that will reduce the volume of building waste which would go to a landfill under traditional methods of building demolition, recover for reuse over 80% of the wood from the deconstructed buildings, hire and train at least five (5) homeless workers in deconstruction skills, and assist in developing a training manual for deconstruction.

NOW THEREFORE, the parties agree as follows:

1. Term of the Agreement

The term of this Agreement shall be from October 17, 2001 to January 17, 2002.

2. Effective Date of Agreement

This Agreement shall become effective when the Board of Directors for the Authority has approved this Agreement and this Agreement has been signed by the Executive Director of the Authority or her designee and the authorized representative(s) of Contractor.

3. Contractor's Performance Obligations

The Contractor agrees to perform the following obligations.

3.1 Contractor shall hire and train at least five (5) homeless workers (the "Trainees") through the TIHDI Job Broker Program (as defined and described in the TIHDI Agreement) to work on the deconstruction of Buildings 128, 129, 130, and 131. Contractor shall provide at least four (4) skilled deconstruction trainers to train the Trainees in the skills and techniques (including, without limitation, training in worker health and safety practices) required for deconstruction work. Contractor shall pay each Trainee during all training and deconstruction activities at the rate set forth in the Project Budget attached hereto and made a part hereof as Exhibit B.

3.2 Contractor shall use its 4 skilled trainers, 5 Trainees, and such other employees and contractors as are reasonably required to deconstruct Buildings 128, 129, 130, and 131 (referred collectively to as the "Buildings" or individually as the "Building") by dismantling each Building down to its concrete foundation in accordance with the plans and specifications set forth in Exhibit C, attached hereto and made a part hereof. Contractor shall complete the deconstruction work within twelve (12) weeks from the Effective Date of this Agreement. Contractor shall maintain daily records of (i) the volume and type of materials dismantled from each of the Buildings, including but not limited to an inventory of the types of all reusable materials dismantled from each of the Buildings and the quantity in tons of such materials that will be diverted from landfills and the quantity in tons of materials dismantled from each of the Buildings that Contractor disposes at a landfill, and (ii) the methods used in the deconstruction of each of the Buildings. Neither Contractor nor any of the 5 skilled trainers, the 10 Trainees, or any of Contractor's officers, agents or employees will perform any excavation work on any of the Building sites.

3.3 All debris and other materials (including without limitation, all reusable materials) from the deconstructed Buildings shall become the property and responsibility of Contractor, and Contractor shall remove such debris and other materials from Treasure Island promptly upon the completion of the deconstruction work. Contractor's removal of such debris and other materials shall comply with the requirements of Document 00815 (*Waste Management Requirements*) attached hereto as Exhibit D and made a part hereof. Contractor may reuse (including sell) any such debris or other materials in any manner permitted by law.

3.4 Upon completion of the deconstruction of the Buildings, Contractor shall prepare (i) a training manual for the deconstruction of other structures similar to the deconstructed Buildings, and (ii) an informational fact sheet containing information about deconstruction (including, without limitation, information regarding cost, time, and disposal of materials) that would be relevant to any person applying for a City demolition permit. Contractor shall submit five hard copies and one reproducible electronic version of each of the training manual and the informational fact sheet to the Executive Director of the Authority or her designee on or before the last day of the Term of this Agreement.

4. Other Terms, Conditions, and Obligations of Contractor

A. License. Authority confers to Contractor a, personal, non-exclusive and non-possessory privilege to enter upon and use the entirety of each of the Buildings for the purpose of performing its obligations under Section 3 above, subject to the terms, conditions and restrictions set forth below. The privilege given to Contractor under this Agreement is effective only insofar as the rights of Authority in the Buildings are concerned, and Contractor shall obtain any further permission necessary because of any other existing rights affecting the Buildings, or any portion thereof. Prior to entering into this Agreement, Contractor shall have made its own investigation of each of the Buildings to satisfy itself as to the actual site and hazardous conditions of each of the Buildings.

The Authority makes no representation, either express or implied, as to the condition of any of the Buildings. Contractor hereby acknowledges that some or all of the Buildings may contain asbestos and/or lead based paint (as set forth in the report, "Naval Station Treasure Island Asbestos Building Survey," dated December 1995 by Mare Island Naval Station) which must be removed prior to the commencement of deconstruction work. Contractor shall be solely responsible for determining (i) the presence of any other Hazardous Materials (as defined below) in, on, or about any of the Buildings, (ii) the presence and location of any and all utilities on or below any of the Buildings, and (iii) any other conditions of each of the Buildings that may affect Contractors ability to perform Contractors obligations under this Agreement. Contractor shall remove at no additional cost to the Authority all Hazardous Materials in, on, or about any of the Buildings in accordance with all Laws prior to commencing any deconstruction work on any of the Buildings.

Contractor acknowledges and agrees that the Buildings are being licensed and accepted in their "AS IS, WITH ALL FAULTS" condition, without representation or warranty of any kind, and subject to all applicable laws, statutes, ordinances, resolutions, regulations, proclamations, orders or decrees of any municipal, county, state or federal government or other governmental or regulatory authority with jurisdiction over the Buildings, or any portion thereof, whether currently in effect or adopted in the future and whether or not in the contemplation of the Parties ("Laws") governing the use, occupancy, management, operation and possession of the Buildings. Without limiting the foregoing, this Agreement is made subject to any and all covenants, conditions, restrictions, easements and other title matters affecting the Buildings, or any portion thereof, whether or not of record. Contractor acknowledges and agrees that neither the Authority nor any of its officers, directors, employees, agents, affiliates, subsidiaries, licensees and contractors, and their

respective heirs, legal representatives, successors and assigns ("Authority's Agents") have made, and Authority hereby disclaims, any representations or warranties, express or implied, concerning (i) title or survey matters affecting the Buildings, (ii) the physical, geological, seismological or environmental condition of the Buildings, (iii) the existence of, quality, nature or adequacy of any utilities serving the Buildings, (iv) the feasibility, cost or legality of deconstructing any of the Buildings, (v) the safety of the Buildings, whether for the use of Contractor or any other person, including Contractor's Agents or Contractor's clients, customers, vendors, invitees, guests, members, licensees, assignees or permittees ("Contractor's Invitees"), or (vi) any other matter whatsoever relating to the Buildings or their use, including, without limitation, any implied warranties of MERCHANTABILITY or FITNESS FOR A PARTICULAR PURPOSE.

B. Restrictions on Use. Contractor shall not use any of the Buildings for any purpose other than performing Contractor's obligations under this Agreement. Contractor agrees that, by way of example only and without limitation, the following uses of any of the Buildings by Contractor, or any other person claiming by or through Contractor, are inconsistent with the limited purpose of license granted under this Agreement and are strictly prohibited as provided below:

- i. **Hazardous Materials.** Contractor shall not cause, nor shall Contractor allow any of its Agents or Invitees (as such terms are defined below) to cause, any Hazardous Material (as defined below) to be brought upon, kept, used, stored, generated or disposed of in, on or about any of the Buildings, or transported to or from the Buildings without the prior written consent of Authority. Contractor shall immediately notify Authority when Contractor learns of, or has reason to believe that, a release of Hazardous Material has occurred in, on or about any of the Buildings. Contractor shall further comply with all laws requiring notice of such releases or threatened releases to governmental agencies, and shall take all action necessary to mitigate the release or minimize the spread of contamination. In the event that Contractor or its Agents or Invitees cause a release of Hazardous Material, Contractor shall, without cost to Authority and in accordance with all laws and regulations, return the Buildings to the condition immediately prior to the release or remove and dispose of such Hazardous Materials in accordance with all Laws. In connection therewith, Contractor shall afford Authority a full opportunity to participate in any discussion with governmental agencies regarding any settlement agreement, cleanup or abatement agreement, consent decree or other compromise proceeding involving Hazardous Material. For purposes hereof, "Hazardous Material" means material that, because of its quantity, concentration or physical or chemical characteristics, is at any time now or hereafter deemed by any federal, state or local governmental authority to pose a present or potential hazard to public health, welfare or the environment. Hazardous Material includes, without limitation, any material or substance defined as a "hazardous substance, pollutant or contaminant" pursuant to the Comprehensive Environmental Response, Compensation and Liability Act of 1980, as amended, 42 U.S.C. Sections 9601 et seq., or pursuant to Section 25316 of the California Health & Safety Code; a "hazardous waste" listed

pursuant to Section 25140 of the California Health & Safety Code; any asbestos and asbestos containing materials whether or not such materials are part of the License Area or are naturally occurring substances in any of the Buildings, and any petroleum, including, without limitation, crude oil or any fraction thereof, natural gas or natural gas liquids. The term "release" or "threatened release" when used with respect to Hazardous Material shall include any actual or imminent spilling, leaking, pumping, pouring, emitting, emptying, discharging, injecting, escaping, leaching, dumping, or disposing in, on, under or about any of the Buildings.

- ii. Nuisances. Except as required in order to carry out its obligations under this Agreement, Contractor shall not conduct any activities on or about any of the Buildings that constitute waste, nuisance or unreasonable annoyance (including, without limitation, emission of objectionable odors, noises or lights) to Authority, to the owners or occupants of neighboring property or to the public.
- iii. No Interference with Navy Operations. Contractor shall not perform any of its obligations under this Agreement in a manner that would interfere with or otherwise restrict Master Landlord's operations or environmental clean-up or restoration actions by the Master Landlord, the Authority, the Environmental Protection Agency, the State of California or their contractors. Environmental clean-up, restoration or testing activities by these Parties shall take priority over the Contractor's use of the Buildings hereunder in the event of any conflict, provided, however, in such event, Master Landlord and the Authority shall use reasonable efforts to minimize any disruption of Contractor's operation.

C. Other Requirements. In carrying out the deconstruction work on each of the Buildings, Contractor shall, to the extent applicable to the deconstruction work, comply with the provisions of Document 00813 (*Specific Project Requirements*) and Document 00814 (*Health and Safety Criteria*), attached hereto as Exhibit E, and made a part hereof. For purposes of interpreting and applying either of the documents in Exhibit E, the "Work" shall mean the deconstruction work on any of the Buildings. Whenever either of the documents in Exhibit E requires Contractor to submit anything to the City or a City Representative or other City official, it shall mean to the Authority's Executive Director or her designee.

5. Compensation

Compensation shall be made in two payments. In order to assist the Contractor, a nonprofit corporation, secure assistance from necessary subcontractors, a first payment of forty-five thousand dollars (\$45,000) shall be made upon execution of this Agreement. The balance of the maximum amount of this Agreement shall be paid no later than thirty days from the date that the Executive Director of the Authority or her designee, in his or her sole discretion, concludes that the Contractor has completed all work required under this Agreement. In no event shall the amount of this Agreement exceed Ninety Eight Thousand Four Hundred Fifty Dollars

(\$98,450.00). The breakdown of costs associated with this Agreement appears in the Project Budget attached as B.

No charges shall be incurred under this Agreement nor shall any payments become due to Contractor until reports, services, or other work required under this Agreement are received from Contractor and approved by the Executive Director of the Authority or her designee as being in accordance with this Agreement. Authority may withhold payment to Contractor in any instance in which Contractor has failed or refused to satisfy any material obligation provided for under this Agreement.

In no event shall Authority be liable for interest or late charges for any late payments.

6. Guaranteed Maximum Costs

(a) The Authority's obligation hereunder shall not at any time exceed the amount specified in Section 4 above.

(b) Except as may be provided by laws governing emergency procedures, officers and employees of the Authority are not authorized to request, and the Authority is not required to reimburse the Contractor for, Commodities or Services beyond the agreed upon contract scope unless the changed scope is authorized by amendment and approved as required by law.

(c) Officers and employees of the Authority are not authorized to offer or promise, nor is the Authority required to honor, any offered or promised additional funding in excess of the maximum amount of funding for this Agreement.

7. Payment; Invoice Format

Invoices furnished by Contractor under this Agreement must be in a form acceptable to the Authority, and must include the Contract Progress Payment Authorization number. All amounts paid by Authority to Contractor shall be subject to audit by Authority.

Payment shall be made by Authority to Contractor at the address specified in the section entitled "Notices to the Parties."

8. Submitting False Claims; Monetary Penalties

Pursuant to San Francisco Administrative Code §21.35, any contractor, subcontractor or consultant who submits a false claim shall be liable to the Authority for three times the amount of damages which the Authority sustains because of the false claim. A contractor, subcontractor or consultant who submits a false claim shall also be liable to the Authority for the costs, including attorneys' fees, of a civil action brought to recover any of those penalties or damages, and may be liable to the Authority for a civil penalty of up to \$10,000 for each false claim. A contractor, subcontractor or consultant will be deemed to have submitted a false claim to the Authority if the contractor, subcontractor or consultant: (a) knowingly presents or causes to be presented to an officer or employee of the Authority a false claim or request for payment or approval; (b) knowingly makes, uses, or causes to be made or used a false record or statement to get a false

claim paid or approved by the Authority; (c) conspires to defraud the Authority by getting a false claim allowed or paid by the Authority; (d) knowingly makes, uses, or causes to be made or used a false record or statement to conceal, avoid, or decrease an obligation to pay or transmit money or property to the Authority; or (e) is a beneficiary of an inadvertent submission of a false claim to the Authority, subsequently discovers the falsity of the claim, and fails to disclose the false claim to the Authority within a reasonable time after discovery of the false claim.

9. Disallowance

If Contractor claims or receives payment from Authority for a service, reimbursement for which is later disallowed by the State of California, Contractor shall promptly refund the disallowed amount to Authority upon Authority's request. At its option, Authority may offset the amount disallowed from any payment due or to become due to Contractor under this Agreement or any other Agreement.

By executing this Agreement, Contractor certifies that Contractor is not suspended, debarred or otherwise excluded from participation in State assistance programs. Contractor acknowledges that this certification of eligibility to receive State funds is a material term of this Agreement.

10. Taxes

a. Payment of any taxes, including possessory interest taxes and California sales and use taxes, levied upon or as a result of this Agreement, or the services delivered pursuant hereto, shall be the obligation of Contractor.

b. Contractor recognizes and understands that this Agreement may create a "possessory interest" for property tax purposes. Generally, such a possessory interest is not created unless the Agreement entitles the Contractor to possession, occupancy, or use of Authority property for private gain. If such a possessory interest is created, then the following shall apply:

(1) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that Contractor, and any permitted successors and assigns, may be subject to real property tax assessments on the possessory interest;

(2) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that the creation, extension, renewal, or assignment of this Agreement may result in a "change in ownership" for purposes of real property taxes, and therefore may result in a revaluation of any possessory interest created by this Agreement. Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report on behalf of the Authority to the County Assessor the information required by Revenue and Taxation Code section 480.5, as amended from time to time, and any successor provision.

(3) Contractor, on behalf of itself and any permitted successors and assigns, recognizes and understands that other events also may cause a change of ownership of the possessory interest and result in the revaluation of the possessory interest. (see, e.g., Rev. & Tax. Code section 64, as amended from time to time) Contractor accordingly agrees on behalf of itself and its permitted successors and assigns to report any change in ownership to the County Assessor, the State Board of Equalization or other public agency as required by law.

(4) Contractor further agrees to provide such other information as may be requested by the Authority to enable the Authority to comply with any reporting requirements for possessory interests that are imposed by applicable law.

11. Payment Does Not Imply Acceptance of Work

The granting of any payment by Authority, or the receipt thereof by Contractor, shall in no way lessen the liability of Contractor to replace unsatisfactory work, equipment, or materials, although the unsatisfactory character of such work, equipment or materials may not have been apparent or detected at the time such payment was made. Materials, equipment, components, or workmanship that do not conform to the requirements of this Agreement may be rejected by Authority and in such case must be replaced by Contractor without delay.

12. Qualified Personnel

Work under this Agreement shall be performed only by the Trainees and other competent personnel under the supervision of and in the employment of Contractor. Contractor will comply with Authority's reasonable requests regarding assignment of personnel, but all personnel, including those assigned at Authority's request, must be supervised by Contractor. Contractor shall commit adequate resources to complete the project within the project schedule specified in this Agreement.

13. Responsibility for Equipment

Authority shall not be responsible for any damage to persons or property as a result of the use, misuse or failure of any equipment used by Contractor, or by any of its employees, even though such equipment be furnished, rented or loaned to Contractor by Authority.

14. Independent Contractor; Payment of Taxes and Other Expenses

a. Independent Contractor: Contractor shall be deemed at all times to be an independent contractor and is wholly responsible for the manner in which it performs the services and work requested by Authority under this Agreement. Contractor is liable for the acts and omissions of itself, its employees and its agents. Nothing in this Agreement shall be construed as creating an employment or agency relationship between Authority and Contractor.

Any terms in this Agreement referring to direction from Authority shall be construed as providing for direction as to policy and the result of Contractor's work only, and not as to the means by which such a result is obtained.

b. Payment of Taxes and Other Expenses: Should Authority, in its discretion, or a relevant taxing authority such as the Internal Revenue Service or the State Employment Development Division, or both, determine that Contractor is an employee for purposes of collection of any employment taxes, the amounts payable under this Agreement shall be reduced by amounts equal to both the employee and employer portions of the tax due (and offsetting any credits for amounts already paid by Contractor which can be applied against this liability). Authority shall then forward those amounts to the relevant taxing authority.

Should a relevant taxing authority determine a liability for past services performed by Contractor for Authority, upon notification of such fact by Authority, Contractor shall promptly remit such amount due or arrange with Authority to have the amount due withheld from future payments to Contractor under this Agreement (again, offsetting any amounts already paid by Contractor which can be applied as a credit against such liability).

A determination of employment status pursuant to the preceding two paragraphs shall be solely for the purposes of the particular tax in question, and for all other purposes of this Agreement, Contractor shall not be considered an employee of Authority. Notwithstanding the foregoing, should any court, arbitrator, or administrative authority determine that Contractor is an employee for any other purpose, then Contractor agrees to a reduction in Authority's financial liability so that Authority's total expenses under this Agreement are not greater than they would have been had the court, arbitrator, or administrative authority determined that Contractor was not an employee.

15. Insurance

a. Without in any way limiting Contractor's liability pursuant to the "Indemnification" section of this Agreement, Contractor must maintain in force, during the full term of the Agreement, insurance in the following amounts and coverages:

- (1) Workers' Compensation, with Employers' Liability Limits not less than \$1,000,000 each accident; and
- (2) Commercial General Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Contractual Liability, Personal Injury, Products and Completed Operations; and
- (3) Business Automobile Liability Insurance with limits not less than \$1,000,000 each occurrence Combined Single Limit for Bodily Injury and Property Damage, including Owned, Non-Owned and Hired auto coverage, as applicable.
- (4) Environmental Pollution Liability Insurance with limits not less than \$1,000,000 each occurrence combined single limit (true occurrence form), including coverages for on-site and off-site cleanup of pollution conditions caused by Contractor, or its subcontractors and on-site and off-site third party claims for bodily injury and property damage, arising from pollution conditions caused by Contractor or its subcontractors with any deductible not to exceed \$50,000 each occurrence.

b. Commercial General Liability and Business Automobile Liability Insurance policies must provide the following:

- (1) Name as Additional Insured the United States Navy, the City and County of San Francisco and the Treasure Island Development Authority, and their respective Officers, Agents, and Employees.
- (2) That such policies are primary insurance to any other insurance available to the Additional Insureds, with respect to any claims arising out of this Agreement, and that insurance applies separately to each insured against whom claim is made or suit is brought.

c. All policies shall provide thirty (30) days' advance written notice to Authority of cancellation mailed to the following address:

Treasure Island Development Authority
401 Palm Avenue
Treasure Island Building 1, Room 237
San Francisco CA 94130
Attn: Executive Director
Tel. No.: (415) 274-0600
Fax No.: (415) 274-0299

d. Should any of the required insurance be provided under a claims-made form, Contractor shall maintain such coverage continuously throughout the term of this Agreement and, without lapse, for a period of three years beyond the expiration of this Agreement, to the effect that, should occurrences during the contract term give rise to claims made after expiration of the Agreement, such claims shall be covered by such claims-made policies.

e. Should any of the required insurance be provided under a form of coverage that includes a general annual aggregate limit or provides that claims investigation or legal defense costs be included in such general annual aggregate limit, such general annual aggregate limit shall be double the occurrence or claims limits specified above.

f. Should any required insurance lapse during the term of this Agreement, requests for payments originating after such lapse shall not be processed until the Authority receives satisfactory evidence of reinstated coverage as required by this Agreement, effective as of the lapse date. If insurance is not reinstated, the Authority may, at its sole option, terminate this Agreement effective on the date of such lapse of insurance.

g. Before commencing any operations under this Agreement, Contractor must furnish to Authority certificates of insurance, in form and with insurers satisfactory to Authority, evidencing all coverages set forth above, and shall furnish complete copies of policies promptly upon Authority request.

h. Approval of the insurance by Authority shall not relieve or decrease the liability of Contractor hereunder.

16. Indemnification

Contractor shall indemnify and save harmless Authority and its officers, agents and employees from, and, if requested, shall defend them against any and all loss, damage, injury, liability, and claims thereof for injury to or death of a person, including employees of Contractor or loss of or damage to property, resulting directly or indirectly from Contractor's performance of this Agreement, including, but not limited to, the use of Contractor's facilities or equipment provided by Authority or others, regardless of the negligence of, and regardless of whether liability without fault is imposed or sought to be imposed on Authority, except to the extent that such indemnity is void or otherwise unenforceable under applicable law in effect on or validly retroactive to the date of this Agreement, and except where such loss, damage, injury, liability or claim is the result of the active negligence or willful misconduct of Authority and is not

contributed to by any act of, or by any omission to perform some duty imposed by law or agreement on Contractor, its subcontractors or either's agent or employee.

In addition to Contractor's obligation to indemnify Authority, Contractor specifically acknowledges and agrees that it has an immediate and independent obligation to defend Authority from any claim which actually or potentially falls within this indemnification provision, even if the allegations are or may be groundless, false or fraudulent, which obligation arises at the time such claim is tendered to Contractor by Authority and continues at all times thereafter.

Contractor shall indemnify and hold Authority harmless from all loss and liability, including attorneys' fees, court costs and all other litigation expenses for any infringement of the patent rights, copyright, trade secret or any other proprietary right or trademark, and all other intellectual property claims of any person or persons in consequence of the use by Authority, or any of its officers or agents, of articles or services to be supplied in the performance of this Agreement.

17. Incidental and Consequential Damages

Contractor shall be responsible for incidental and consequential damages resulting in whole or in part from Contractor's acts or omissions. Nothing in this Agreement shall constitute a waiver or limitation of any rights which Authority may have under applicable law.

18. Liability of Authority

AUTHORITY'S PAYMENT OBLIGATIONS UNDER THIS AGREEMENT SHALL BE LIMITED TO THE PAYMENT OF THE COMPENSATION PROVIDED FOR IN SECTION 5 OF THIS AGREEMENT. NOTWITHSTANDING ANY OTHER PROVISION OF THIS AGREEMENT, IN NO EVENT SHALL AUTHORITY BE LIABLE, REGARDLESS OF WHETHER ANY CLAIM IS BASED ON CONTRACT OR TORT, FOR ANY SPECIAL, CONSEQUENTIAL, INDIRECT OR INCIDENTAL DAMAGES, INCLUDING, BUT NOT LIMITED TO, LOST PROFITS, ARISING OUT OF OR IN CONNECTION WITH THIS AGREEMENT OR THE SERVICES PERFORMED IN CONNECTION WITH THIS AGREEMENT.

19. Default; Remedies

a. Each of the following shall constitute an event of default ("Event of Default") under this Agreement:

(1) Contractor fails or refuses to perform or observe any term, covenant or condition contained in any of the following Sections of this Agreement: 3 and 4.

(2) Contractor fails or refuses to perform or observe any other term, covenant or condition contained in this Agreement, and such default continues for a period of ten (10) days after written notice thereof from Authority to Contractor.

(3) Contractor (A) is generally not paying its debts as they become due, (B) files, or consents by answer or otherwise to the filing against it of, a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or

to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction, (C) makes an assignment for the benefit of its creditors, (D) consents to the appointment of a custodian, receiver, trustee or other officer with similar powers of Contractor or of any substantial part of Contractor's property or (E) takes action for the purpose of any of the foregoing.

(4) A court or government authority enters an order (A) appointing a custodian, receiver, trustee or other officer with similar powers with respect to Contractor or with respect to any substantial part of Contractor's property, (B) constituting an order for relief or approving a petition for relief or reorganization or arrangement or any other petition in bankruptcy or for liquidation or to take advantage of any bankruptcy, insolvency or other debtors' relief law of any jurisdiction or (C) ordering the dissolution, winding-up or liquidation of Contractor.

b. On and after any Event of Default, Authority shall have the right to exercise its legal and equitable remedies, including, without limitation, the right to terminate this Agreement or to seek specific performance of all or any part of this Agreement. In addition, Authority shall have the right (but no obligation) to cure (or cause to be cured) on behalf of Contractor any Event of Default; Contractor shall pay to Authority on demand all costs and expenses incurred by Authority in effecting such cure, with interest thereon from the date of incurrence at the maximum rate then permitted by law. Authority shall have the right to offset from any amounts due to Contractor under this Agreement or any other agreement between Authority and Contractor all damages, losses, costs or expenses incurred by Authority as a result of such Event of Default and any liquidated damages due from Contractor pursuant to the terms of this Agreement or any other agreement.

c. All remedies provided for in this Agreement may be exercised individually or in combination with any other remedy available hereunder or under applicable laws, rules and regulations. The exercise of any remedy shall not preclude or in any way be deemed to waive any other remedy.

20. Termination for Convenience

a. Authority shall have the option, in its sole discretion, to terminate this Agreement, at any time during the term hereof, for convenience and without cause. Authority shall exercise this option by giving Contractor written notice of termination. The notice shall specify the date on which termination shall become effective.

b. Upon receipt of the notice, Contractor shall commence and perform, with diligence, all actions necessary on the part of Contractor to effect the termination of this Agreement on the date specified by Authority and to minimize the liability of Contractor and Authority to third parties as a result of termination. All such actions shall be subject to the prior approval of Authority. Such actions shall include, without limitation:

(1) Halting the performance of all services and other work under this Agreement on the date(s) and in the manner specified by Authority.

(2) Terminating all existing orders and subcontracts.

(3) At Authority's direction, assigning to Authority any or all of Contractor's right, title, and interest under the orders and subcontracts terminated. Upon such assignment, Authority shall have the right, in its sole discretion, to settle or pay any or all claims arising out of the termination of such orders and subcontracts.

(4) Subject to Authority's approval, settling all outstanding liabilities and all claims arising out of the termination of orders and subcontracts.

(5) Completing performance of any services or work which Authority designates to be completed prior to the date of termination specified by Authority.

(6) Taking such action as may be necessary, or as the Authority may direct, for the protection and preservation of any property related to this Agreement which is in the possession of Contractor and in which Authority has or may acquire an interest.

c. Within 30 days after the specified termination date, Contractor shall submit to Authority an invoice, which shall set forth each of the following as a separate line item:

(1) The reasonable cost to Contractor, without profit, for all services and other work Authority directed Contractor to perform prior to the specified termination date, for which services or work Authority has not already tendered payment. Reasonable costs may include a reasonable allowance for actual overhead, not to exceed a total of ten percent (10%) of Contractor's direct costs for services or other work. Any overhead allowance shall be separately itemized. Contractor may also recover the reasonable cost of preparing the invoice.

(2) A reasonable allowance for profit on the cost of the services and other work described in the immediately preceding subsection (1), provided that Contractor can establish, to the satisfaction of Authority, that Contractor would have made a profit had all services and other work under this Agreement been completed, and provided further, that the profit allowed shall in no event exceed 5 percent (5%) of such cost.

(3) The reasonable cost to Contractor of handling material or equipment returned to the vendor, delivered to the Authority or otherwise disposed of as directed by the Authority.

(4) A deduction for the cost of materials to be retained by Contractor, amounts realized from the sale of materials and not otherwise recovered by or credited to Authority, and any other appropriate credits to Authority against the cost of the services or other work.

d. In no event shall Authority be liable for costs incurred by Contractor or any of its subcontractors after the termination date specified by Authority, except for those costs specifically enumerated and described in the immediately preceding subsection (c). Such non-recoverable costs include, but are not limited to, anticipated profits on this Agreement, post-termination employee salaries, post-termination administrative expenses, post-termination overhead or unabsorbed overhead, attorneys' fees or other costs relating to the prosecution of a claim or

lawsuit, prejudgment interest, or any other expense which is not reasonable or authorized under such subsection (c).

e. In arriving at the amount due to Contractor under this Section, Authority may deduct: (1) all payments previously made by Authority for work or other services covered by Contractor's final invoice; (2) any claim which Authority may have against Contractor in connection with this Agreement; (3) any invoiced costs or expenses excluded pursuant to the immediately preceding subsection (d); and (4) in instances in which, in the opinion of the Authority, the cost of any service or other work performed under this Agreement is excessively high due to costs incurred to remedy or replace defective or rejected services or other work, the difference between the invoiced amount and Authority's estimate of the reasonable cost of performing the invoiced services or other work in compliance with the requirements of this Agreement.

f. Authority's payment obligation under this Section shall survive termination of this Agreement.

21. Rights and Duties Upon Termination or Expiration

a. This Section and the following Sections of this Agreement shall survive termination or expiration of this Agreement: 8, 9, 10, 11, 13, 14, 16, 17, 18, 24, 25, 26, 27, 40 through 47.

b. Subject to the immediately preceding subsection (a), upon termination of this Agreement prior to expiration of the term specified in Section 2, this Agreement shall terminate and be of no further force or effect. Contractor shall transfer title to Authority, and deliver in the manner, at the times, and to the extent, if any, directed by Authority, any work in progress, completed work, supplies, equipment, and other materials produced as a part of, or acquired in connection with the performance of this Agreement, and any completed or partially completed work which, if this Agreement had been completed, would have been required to be furnished to Authority. This subsection shall survive termination of this Agreement.

22. Conflict of Interest

Through its execution of this Agreement, Contractor acknowledges that it is familiar with the provisions of §15.103 and Appendix C 8.105 of City's Charter and §87100 et seq. of the Government Code of the State of California, and certifies that it does not know of any facts which constitute a violation of said provisions.

23. Notices to the Parties

Unless otherwise indicated elsewhere in this Agreement, all written communications sent by the parties may be by U.S. mail, e-mail or by fax, and shall be addressed as follows:

To Authority: Treasure Island Development Authority
401 Palm Avenue
Treasure Island Building 1, Room 237
San Francisco CA 94130
Attn: Executive Director

Tel. No.: (415) 274-0660

Fax No.: (415) 274-0299

To Contractor: San Francisco Community Recyclers
701 Amador Street
San Francisco, CA 94124
Attn: Executive Director
Tel. No.: (415) 731-6720
Fax No.: (415) 285-4689

Any notice of default must be sent by registered mail.

24. Ownership of Results

Any interest of Contractor or its Subcontractors, in drawings, plans, specifications, blueprints, studies, reports, memoranda, computation sheets, computer files and media or other documents prepared by Contractor or its subcontractors in connection with services to be performed under this Agreement, shall become the property of and will be transmitted to Authority. However, Contractor may retain and use copies for reference and as documentation of its experience and capabilities.

25. Works for Hire

If, in connection with services performed under this Agreement, Contractor or its subcontractors create artwork, copy, posters, billboards, photographs, videotapes, audiotapes, systems designs, software, reports, diagrams, surveys, blueprints, source codes or any other original works of authorship, such works of authorship shall be works for hire as defined under Title 17 of the United States Code, and all copyrights in such works are the property of the Authority. If it is ever determined that any works created by Contractor or its subcontractors under this Agreement are not works for hire under U.S. law, Contractor hereby assigns all copyrights to such works to the Authority, and agrees to provide any material and execute any documents necessary to effectuate such assignment. With the approval of the Authority, Contractor may retain and use copies of such works for reference and as documentation of its experience and capabilities.

26. Audit and Inspection of Records

Contractor agrees to maintain and make available to the Authority, during regular business hours, accurate books and accounting records relating to its work under this Agreement. Contractor will permit Authority to audit, examine and make excerpts and transcripts from such books and records, and to make audits of all invoices, materials, payrolls, records or personnel and other data related to all other matters covered by this Agreement, whether funded in whole or in part under this Agreement. Contractor shall maintain such data and records in an accessible location and condition for a period of not less than three years after final payment under this Agreement or until after final audit has been resolved, whichever is later. The State of California or any federal agency having an interest in the subject matter of this Agreement shall have the same rights conferred upon Authority by this Section.

27. Subcontracting

Contractor is prohibited from subcontracting this Agreement or any part of it unless such subcontracting is first approved by Authority in writing. Neither party shall, on the basis of this Agreement, contract on behalf of or in the name of the other party. An agreement made in violation of this provision shall confer no rights on any party and shall be null and void.

28. Assignment

The services to be performed by Contractor are personal in character and neither this Agreement nor any duties or obligations hereunder may be assigned or delegated by the Contractor unless first approved by Authority by written instrument executed and approved in the same manner as this Agreement.

29. Earned Income Credit (EIC) Forms

Administrative Code section 12O requires that employers provide their employees with IRS Form W-5 (The Earned Income Credit Advance Payment Certificate) and the IRS EIC Schedule, as set forth below. Employers can locate these forms at the IRS Office, on the Internet, or anywhere that Federal Tax Forms can be found.

a. Contractor shall provide EIC Forms to each Eligible Employee at each of the following times: (i) within thirty (30) days following the date on which this Agreement becomes effective (unless Contractor has already provided such EIC Forms at least once during the calendar year in which such effective date falls); (ii) promptly after any Eligible Employee is hired by Contractor; and (iii) annually between January 1 and January 31 of each calendar year during the term of this Agreement.

b. Failure to comply with any requirement contained in subparagraph (a) of this Section shall constitute a material breach by Contractor of the terms of this Agreement. If, within thirty (30) days after Contractor receives written notice of such a breach, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of thirty (30) days, Contractor fails to commence efforts to cure within such period or thereafter fails to diligently pursue such cure to completion, the Authority may pursue any rights or remedies available under this Agreement or under applicable law.

c. Any Subcontract entered into by Contractor shall require the subcontractor to comply, as to the subcontractor's Eligible Employees, with each of the terms of this section.

d. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Section 12O of the San Francisco Administrative Code.

30. Minority/Women/Local Business Utilization; Liquidated Damages

a. Compliance

Contractor understands and agrees to comply fully with all provisions of Chapter 12D A ("Minority/Women/ Local Business Utilization Ordinance--IV") of the San Francisco Administrative Code and agrees to include this paragraph in all subcontracts made in fulfillment of

the Contractor's obligations under this Agreement. Said provisions are incorporated herein by reference and made a part of this Agreement as though fully set forth. Contractor's willful failure to comply with Chapter 12D.A is a material breach of contract.

b. Enforcement

If Contractor willfully fails to comply with any of the provisions of Chapter 12D.A, the rules and regulations implementing Chapter 12D.A, or the provisions of this Agreement pertaining to MBE or WBE participation, Contractor shall be liable for liquidated damages in an amount equal to Contractor's net profit on this Agreement, or ten percent (10%) of the total amount of this Agreement, or one thousand dollars (\$1,000), whichever is greatest. The Director of the City's Human Rights Commission (HRC) may also impose other sanctions against Contractor authorized in Chapter 12D.A, including declaring the Contractor to be irresponsible and ineligible to contract with the Authority for a period of up to five years or revocation of the Contractor's MBE or WBE certification. The Director of HRC will determine the sanctions to be imposed, including the amount of liquidated damages, after investigation pursuant to §12D.A.16C.

By entering into this Agreement, Contractor acknowledges and agrees that any liquidated damages assessed by the Director of the HRC shall be payable to Authority upon demand. Contractor further acknowledges and agrees that any liquidated damages assessed may be withheld from any monies due to Contractor on any contract with Authority.

Contractor agrees to maintain records necessary for monitoring its compliance with Chapter 12D.A for a period of three years following termination of this contract.

c. Subcontract Language Requirements

Contractor shall include in all subcontracts with MBEs or WBEs made in fulfillment of Contractor's obligations under this Agreement, a provision requiring Contractor to compensate any MBE or WBE subcontractor if Contractor does not fulfill its commitment to use the MBE or WBE subcontractor. Such provisions shall also state that it is enforceable in a court of competent jurisdiction.

Subcontracts shall require the subcontractor to maintain records necessary for monitoring its compliance with Chapter 12D.A for a period of three years following termination of this contract.

d. Payment of Subcontractors

Contractor shall pay its subcontractors within three working days after receiving payment from the Authority unless Contractor notifies the Director of HRC in writing within ten working days prior to receiving payment from the Authority that there is a bona fide dispute between Contractor and its subcontractor and the Director waives the three-day payment requirement.

Contractor further agrees, within ten working days following receipt of payment from the Authority, to file an affidavit with the Controller, under penalty of perjury, that the Contractor

has paid all subcontractors. The affidavit shall provide the names and addresses of all subcontractors and the amount paid to each. Failure to provide such affidavit may subject Contractor to enforcement procedure under Administrative Code §12D.A.16.

31. Nondiscrimination; Penalties

a. Contractor Shall Not Discriminate

In the performance of this Agreement, Contractor agrees not to discriminate on the basis of the fact or perception of a person's race, color, creed, religion, national origin, ancestry, age, height, weight, sex, sexual orientation, gender identity, domestic partner status, marital status, disability or Acquired Immune Deficiency Syndrome or HIV status (AIDS/HIV status) against any employee of, any Authority employee working with, or applicant for employment with Contractor, in any of Contractor's operations within the United States, or against any person seeking accommodations, advantages, facilities, privileges, services, or membership in all business, social, or other establishments or organizations operated by Contractor.

b. Subcontracts

Contractor shall incorporate by reference in all subcontracts the provisions of §§12B 2(a), 12B 2(c)-(k), and 12C.3 of the S.F. Administrative Code (copies of which are available from Purchasing) and shall require all subcontractors to comply with such provisions. Contractor's failure to comply with the obligations in this subsection shall constitute a material breach of this Agreement.

c. Nondiscrimination in Benefits

Contractor does not as of the date of this Agreement and will not during the term of this Agreement, in any of its operations in San Francisco, on real property owned by San Francisco, or where work is being performed for the Authority elsewhere in the United States, discriminate in the provision of bereavement leave, family medical leave, health benefits, membership or membership discounts, moving expenses, pension and retirement benefits or travel benefits, as well as any benefits other than the benefits specified above, between employees with domestic partners and employees with spouses, and/or between the domestic partners and spouses of such employees, where the domestic partnership has been registered with a governmental entity pursuant to state or local law authorizing such registration, subject to the conditions set forth in §12B.2(b) of the S.F. Administrative Code.

d. Condition to Contract

As a condition to this Agreement, Contractor shall execute the "Chapter 12B Declaration: Nondiscrimination in Contracts and Benefits" form (form HRC-12B-101) with supporting documentation and secure the approval of the form by the San Francisco Human Rights Commission

e. Incorporation of Administrative Code Provisions by Reference

The provisions of Chapters 12B and 12C of the S.F. Administrative Code are incorporated in this Section by reference and made a part of this Agreement as though fully set

forth herein. Contractor shall comply fully with and be bound by all of the provisions that apply to this Agreement under such Chapters, including but not limited to the remedies provided in such Chapters. Without limiting the foregoing, Contractor understands that pursuant to §12B.2(h) of the S.F. Administrative Code, a penalty of \$50 for each person for each calendar day during which such person was discriminated against in violation of the provisions of this Agreement may be assessed against Contractor and/or deducted from any payments due Contractor.

32. MacBride Principles—Northern Ireland

Pursuant to S.F. Administrative Code §12.F.5, the City and County of San Francisco urges companies doing business in Northern Ireland to move towards resolving employment inequities, and encourages such companies to abide by the MacBride Principles. The City and County of San Francisco urges San Francisco companies to do business with corporations that abide by the MacBride Principles. By signing below, the person executing this agreement on behalf of Contractor acknowledges and agrees that he or she has read and understood this section.

33. Tropical Hardwood and Virgin Redwood Ban

Pursuant to S.F. Administrative Code §12I.5(b), the City and County of San Francisco urges contractors not to import, purchase, obtain, or use for any purpose, any tropical hardwood, tropical hardwood wood product, virgin redwood or virgin redwood wood product.

34. Drug-Free Workplace Policy

Contractor acknowledges that pursuant to the Federal Drug-Free Workplace Act of 1989, the unlawful manufacture, distribution, dispensation, possession, or use of a controlled substance is prohibited on Authority premises. Contractor agrees that any violation of this prohibition by Contractor, its employees, agents or assigns will be deemed a material breach of this Agreement.

35. Resource Conservation; Liquidated Damages

Chapter 21A of the S.F. Administrative Code (“Resource Conservation”) is incorporated herein by reference. Failure by Contractor to comply with any of the applicable requirements of Chapter 21A will be deemed a material breach of contract.

In the event Contractor fails to comply in good faith with any of the provisions of Chapter 21A, Contractor will be liable for liquidated damages in an amount equal to Contractor’s net profit under this Agreement, or five percent (5%) of the total contract amount, whichever is greater. Contractor acknowledges and agrees that the liquidated damages assessed shall be payable to Authority upon demand and may be offset against any monies due to Contractor from any contract with Authority.

36. Compliance with Americans with Disabilities Act

Contractor acknowledges that, pursuant to the Americans with Disabilities Act (ADA), programs, services and other activities provided by a public entity to the public, whether directly or through a contractor, must be accessible to the disabled public. Contractor shall provide the services specified in this Agreement in a manner that complies with the ADA and any and all other applicable federal, state and local disability rights legislation. Contractor agrees not to

discriminate against disabled persons in the provision of services, benefits or activities provided under this Agreement and further agrees that any violation of this prohibition on the part of Contractor, its employees, agents or assigns will constitute a material breach of this Agreement.

37. Sunshine Ordinance

In accordance with S.F. Administrative Code §67.24(e), contracts, contractors' bids, responses to solicitations and all other records of communications between Authority and persons or firms seeking contracts, shall be open to inspection immediately after a contract has been awarded. Nothing in this provision requires the disclosure of a private person's or organization's net worth or other proprietary financial data submitted for qualification for a contract or other benefit until and unless that person or organization is awarded the contract or benefit. Information provided which is covered by this paragraph will be made available to the public upon request.

38. Public Access to Meetings and Records

If the Contractor receives a cumulative total per year of at least \$250,000 in Authority funds or Authority-administered funds and is a non-profit organization as defined in Chapter 12L of the S.F. Administrative Code, Contractor shall comply with and be bound by all the applicable provisions of that Chapter. By executing this Agreement, the Contractor agrees to open its meetings and records to the public in the manner set forth in §§12L.4 and 12L.5 of the Administrative Code. Contractor further agrees to make-good faith efforts to promote community membership on its Board of Directors in the manner set forth in §12L.6 of the Administrative Code. The Contractor acknowledges that its material failure to comply with any of the provisions of this paragraph shall constitute a material breach of this Agreement. The Contractor further acknowledges that such material breach of the Agreement shall be grounds for the Authority to terminate and/or not renew the Agreement, partially or in its entirety.

39. Requiring Minimum Compensation for Employees

Contractor agrees to comply fully with and be bound by all of the provisions of the Minimum Compensation Ordinance (MCO), as set forth in San Francisco Administrative Code Chapter 12P (Chapter 12P), including the remedies provided, and implementing guidelines and rules. The provisions of Chapter 12P are incorporated herein by reference and made a part of this Agreement as though fully set forth. The text of the MCO is available on the web at www.ci.sf.ca.us/MCO. Capitalized terms used in this Section and not defined in this Agreement shall have the meanings assigned to such terms in Chapter 12P. Consistent with the requirements of the MCO, Contractor agrees to all of the following:

(a) For each hour worked by a Covered Employee during a Pay Period on work funded under the Authority contract during the term of this Agreement, Contractor shall provide to the Covered Employee no less than the Minimum Compensation, which includes a minimum hourly wage and compensated and uncompensated time off consistent with the requirements of the MCO. For the hourly gross compensation portion of the MCO, the Contractor shall pay \$9.00 an hour through December 31, 2001. On January 1, 2002, Contractor shall increase the hourly gross compensation to \$10.00 an hour, provided, however, that if Contractor is a Nonprofit

Corporation or a public entity, it shall be required to pay the increased amount only if the Authority makes the finding required by Section 12P.3(a)(ii) of the San Francisco Administrative Code. If Contractor is required to increase the gross hourly compensation to \$10.00 an hour, it shall provide the 2.5% annual increase required by the MCO for each of the next three years.

(b) Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for complaining to the Authority with regard to Contractor's compliance or anticipated compliance with the requirements of the MCO, for opposing any practice proscribed by the MCO, for participating in proceedings related to the MCO, or for seeking to assert or enforce any rights under the MCO by any lawful means.

(c) Contractor understands and agrees that the failure to comply with the requirements of the MCO shall constitute a material breach by Contractor of the terms of this Agreement. The Authority, acting through the Contracting Department, shall determine whether such a breach has occurred.

(d) If, within 30 days after receiving written notice of a breach of this Agreement for violating the MCO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, the Authority, acting through the Contracting Department, shall have the right to pursue the following rights or remedies and any rights or remedies available under applicable law:

- (1) The right to charge Contractor an amount equal to the difference between the Minimum Compensation and any compensation actually provided to a Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law;
- (2) The right to set off all or any portion of the amount described in Subsection (d)(1) of this Section against amounts due to Contractor under this Agreement;
- (3) The right to terminate this Agreement in whole or in part;
- (4) In the event of a breach by Contractor of the covenant referred to in Subsection (b) of this Section, the right to seek reinstatement of the employee or to obtain other appropriate equitable relief; and
- (5) The right to bar Contractor from entering into future contracts with the Authority for three (3) years.

Each of the rights provided in this Subsection (d) shall be exercisable individually or in combination with any other rights or remedies available to the Authority. Any amounts realized by the Authority pursuant to this subsection shall be paid to the Covered Employee who failed to receive the required Minimum Compensation.

(e) Contractor represents and warrants that it is not an entity that was set up, or is being

used, for the purpose of evading the intent of the MCO.

(f) Contractor shall keep itself informed of the current requirements of the MCO, including increases to the hourly gross compensation due Covered Employees under the MCO, and shall provide prompt written notice to all Covered Employees of any increases in compensation, as well as any written communications received by the Contractor from the AUTHORITY, which communications are marked to indicate that they are to be distributed to Covered Employees.

(g) Contractor shall provide reports to the Authority in accordance with any reporting standards promulgated by the Authority under the MCO, including reports on subcontractors.

(h) The Contractor shall provide the Authority with access to pertinent records after receiving a written request from the Authority to do so and being provided at least five (5) business days to respond.

(i) The Authority may conduct random audits of Contractor. Random audits shall be (i) noticed in advance in writing; (ii) limited to ascertaining whether Covered Employees are paid at least the minimum compensation required by the MCO; (iii) accomplished through an examination of pertinent records at a mutually agreed upon time and location within ten (10) days of the written notice; and (iv) limited to one audit of Contractor every two years for the duration of this Agreement. Nothing in this Agreement is intended to preclude the Authority from investigating any report of an alleged violation of the MCO.

(j) Any subcontract entered into by Contractor shall require the subcontractor to comply with the requirements of the MCO and shall contain contractual obligations substantially the same as those set forth in this Section. A subcontract means an agreement between the Contractor and a third party which requires the third party to perform all or a portion of the services covered by this Agreement. Contractor shall notify the Department of Administrative Services when it enters into such a subcontract and shall certify to the Department of Administrative Services that it has notified the subcontractor of the obligations under the MCO and has imposed the requirements of the MCO on the subcontractor through the provisions of the subcontract. It is Contractor's obligation to ensure that any subcontractors of any tier under this Agreement comply with the requirements of the MCO. If any subcontractor under this Agreement fails to comply, Authority may pursue any of the remedies set forth in this Section against Contractor.

(k) Each Covered Employee is a third-party beneficiary with respect to the requirements of subsections (a) and (b) of this Section, and may pursue the following remedies in the event of a breach by Contractor of subsections (a) and (b), but only after the Covered Employee has provided the notice, participated in the administrative review hearing, and waited the 21-day period required by the MCO. Contractor understands and agrees that if the Covered Employee prevails in such action, the Covered Employee may be awarded: (1) an amount equal to the difference between the Minimum Compensation and any compensation actually provided to the Covered Employee, together with interest on such amount from the date payment was due at the maximum rate then permitted by law; (2) in the event of a breach by Contractor of subsections (a) or (b), the right to seek reinstatement or to obtain other appropriate equitable relief; and (3) in the event that the Covered Employee is the prevailing party in any legal action or proceeding against

Contractor arising from this Agreement, the right to obtain all costs and expenses, including reasonable attorney's fees and disbursements, incurred by the Covered Employee. Contractor also understands that the MCO provides that if Contractor prevails in any such action, Contractor may be awarded costs and expenses, including reasonable attorney's fees and disbursements, from the Covered Employee if the court determines that the Covered Employee's action was frivolous, vexatious or otherwise an act of bad faith.

(l) If Contractor is exempt from the MCO when this Agreement is executed because the cumulative amount of agreements with this department for the fiscal year is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause contractor to exceed that amount in a fiscal year, Contractor shall thereafter be required to comply with the MCO under this Agreement. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between the Contractor and this department to exceed \$25,000 (\$50,000 for nonprofits) in the fiscal year.

40. Requiring Health Benefits for Covered Employees

Unless exempt, Contractor agrees to comply fully with and be bound by all of the provisions of the Health Care Accountability Ordinance (HCAO), as set forth in San Francisco Administrative Code Chapter 12Q, including the remedies provided, and implementing regulations, as the same may be amended from time to time. The provisions of Chapter 12Q are incorporated herein by reference and made a part of this agreement as though fully set forth. The text of the HCAO is available on the web at www.ci.sf.ca.us/HCAO. Capitalized terms used in this Section and not defined in this agreement shall have the meanings assigned to such terms in Chapter 12Q.

(a) For each Covered Employee, Contractor shall provide the appropriate health benefit set forth in Section 12Q.3 of the HCAO. If Contractor chooses to offer the health plan option, such health plan shall meet the minimum standards set forth by the San Francisco Health Commission.

(b) Notwithstanding the above, if the Contractor is a small business as defined in Section 12Q.3(d) of the HCAO, it shall have no obligation to comply with part (a) above.

(c) Contractor's failure to comply with the HCAO shall constitute a material breach of this agreement. Authority and/or City shall notify Contractor if such a breach has occurred. If, within 30 days after receiving Authority and/or City's written notice of a breach of this Agreement for violating the HCAO, Contractor fails to cure such breach or, if such breach cannot reasonably be cured within such period of 30 days, Contractor fails to commence efforts to cure within such period, or thereafter fails diligently to pursue such cure to completion, Authority and/or City shall have the right to pursue the remedies set forth in 12Q.5(f)(1-5). Each of these remedies shall be exercisable individually or in combination with any other rights or remedies available to Authority and/or City.

(d) Any Subcontract entered into by Contractor shall require the Subcontractor to comply with the requirements of the HCAO and shall contain contractual obligations substantially the same as those set forth in this Section. Contractor shall notify Authority and/or City's Office of

Contract Administration when it enters into such a Subcontract and shall certify to the Office of Contract Administration that it has notified the Subcontractor of the obligations under the HCAO and has imposed the requirements of the HCAO on Subcontractor through the Subcontract. Each Contractor shall be responsible for its Subcontractors' compliance with this Chapter. If a Subcontractor fails to comply, the Authority and/or City may pursue the remedies set forth in this Section against Contractor based on the Subcontractor's failure to comply, provided that Authority and/or City has first provided Contractor with notice and an opportunity to obtain a cure of the violation.

(e) Contractor shall not discharge, reduce in compensation, or otherwise discriminate against any employee for notifying Authority and/or City with regard to Contractor's compliance or anticipated compliance with the requirements of the HCAO, for opposing any practice proscribed by the HCAO, for participating in proceedings related to the HCAO, or for seeking to assert or enforce any rights under the HCAO by any lawful means.

(f) Contractor represents and warrants that it is not an entity that was set up, or is being used, for the purpose of evading the intent of the HCAO.

(g) Contractor shall keep itself informed of the current requirements of the HCAO.

(h) Contractor shall provide reports to the Authority and/or City in accordance with any reporting standards promulgated by the Authority and/or City under the HCAO, including reports on Subcontractors and Subtenants, as applicable.

(i) Contractor shall provide Authority and/or City with access to records pertaining to compliance with HCAO after receiving a written request from Authority and/or City to do so and being provided at least five business days to respond.

(j) Authority and/or City may conduct random audits of Contractor to ascertain its compliance with HCAO. Contractor agrees to cooperate with Authority and/or City when it conducts such audits.

(k) If Contractor is exempt from the HCAO when this Agreement is executed because its amount is less than \$25,000 (\$50,000 for nonprofits), but Contractor later enters into an agreement or agreements that cause Contractor's aggregate amount of all agreements with Authority and/or City to reach \$75,000, all the agreements shall be thereafter subject to the HCAO. This obligation arises on the effective date of the agreement that causes the cumulative amount of agreements between Contractor and the Authority and/or City to be equal to or greater than \$75,000 in the fiscal year.

41. Non-Waiver of Rights

The omission by either party at any time to enforce any default or right reserved to it, or to require performance of any of the terms, covenants, or provisions hereof by the other party at the time designated, shall not be a waiver of any such default or right to which the party is entitled, nor shall it in any way affect the right of the party to enforce such provisions thereafter.

42. Modification of Agreement

This Agreement may not be modified, nor may compliance with any of its terms be waived, except by written instrument executed and approved in the same manner as this Agreement. Contractor shall cooperate with Department to submit to the Director of HRC any amendment, modification, supplement or change order that would result in a cumulative increase of the original amount of this Agreement by more than twenty percent (20%).

43. Administrative Remedy for Agreement Interpretation

Should any question arise as to the meaning and intent of this Agreement, the question shall, prior to any other action or resort to any other legal remedy, be referred to Purchasing who shall decide the true meaning and intent of the Agreement.

44. Agreement Made in California; Venue

The formation, interpretation and performance of this Agreement shall be governed by the laws of the State of California. Venue for all litigation relative to the formation, interpretation and performance of this Agreement shall be in San Francisco.

45. Construction

All paragraph captions are for reference only and shall not be considered in construing this Agreement.

46. Entire Agreement

This contract sets forth the entire Agreement between the parties, and supersedes all other oral or written provisions. This contract may be modified only as provided in Section 41.

47. Compliance with Laws

Contractor shall keep itself fully informed of the Authority's Charter, codes, ordinances and regulations of the City and of all state, and federal laws in any manner affecting the performance of this Agreement, and must at all times comply with such local codes, ordinances, and regulations and all applicable laws as they may be amended from time to time.

48. Severability

Should the application of any provision of this Agreement to any particular facts or circumstances be found by a court of competent jurisdiction to be invalid or unenforceable, then (a) the validity of other provisions of this Agreement shall not be affected or impaired thereby, and (b) such provision shall be enforced to the maximum extent possible so as to effect the intent of the parties and shall be reformed without further action by the parties to the extent necessary to make such provision valid and enforceable.

IN WITNESS WHEREOF, the parties hereto have executed this Agreement on the day first mentioned above.

AUTHORITY AND/OR CITY

Recommended by:

Annemarie Conroy, Executive Director
Treasure Island Development Authority

Approved as to Form:

Louise H. Renne
City Attorney

By _____
Deputy City Attorney

Approved:

Judith A. Blackwell
Director, Office of Contract Administration

CONTRACTOR

By signing this Agreement, I certify that I comply with the requirements of the Minimum Compensation Ordinance, which entitle Covered Employees to certain minimum hourly wages and compensated and uncompensated time off.

I have read and understood paragraph 35, the Authority and/or City's statement urging companies doing business in Northern Ireland to move towards resolving employment inequities, encouraging compliance with the MacBride Principles, and urging San Francisco companies to do business with corporations that abide by the MacBride Principles.

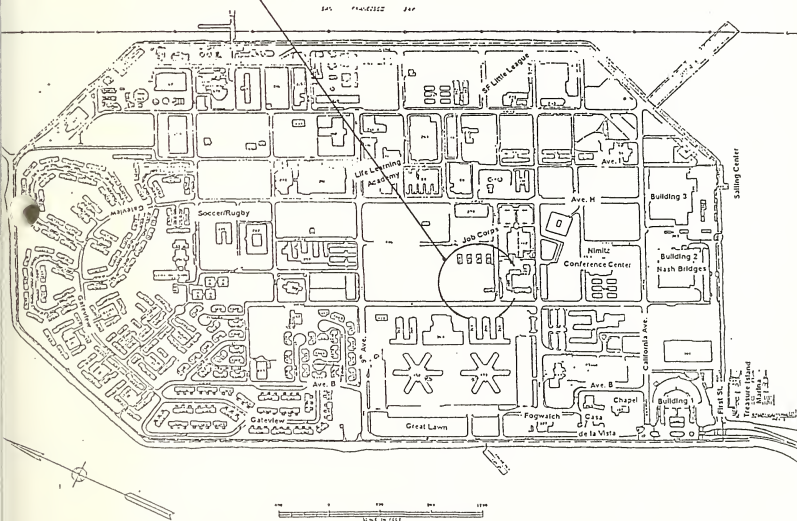
Andy Pagni, Executive Director
San Francisco Community Recyclers
701 Amador Street
San Francisco, CA 94124
FEIN: 94-2685719

EXHIBITS:

- A: Description and depiction of Buildings 128, 129, 130, and 131
- B: Project Budget
- C: Deconstruction Plans and Specifications
- D: Waste Management Requirements
- E: Document 00813 (*Specific Project Requirements*)
Document 00814 (*Health and Safety Criteria*)

Exhibit A
Description and depiction of Buildings 128, 129, 130, and 131

Buildings 128, 129, 130, 131



NAVAL STATION Treasure Island, CA

DECEMBER 1995

ASBESTOS BUILDING SURVEY



Survey performed by Mare Island Naval Shipyard personnel under the direction of the following:

Don Lyle

Don Lyle

Funds Administrator

Charlie Bouffard

Charlie Bouffard

Asbestos Program Manager

Arred Smith

Arred Smith

Laboratory Manager

John H. Franklin

John Franklin

Certified AHERA Bldg/Insp Supervisor

Ronald Nelson

Technical Program Director

BUILDING 128: NAVSTA STORAGE

1. DESCRIPTION:

Building 128 is a 2,880 square-foot building of wood construction. It was built in 1942. The following information was identified during the sampling survey and from the analysis of the samples taken:

Two homogeneous areas were identified during the initial survey.

- One homogeneous area was assumed to contain asbestos.
- One of the homogeneous areas was suspected to contain asbestos and was sampled to confirm.
- One of the suspected homogeneous areas did not contain asbestos.

2. FINDINGS:

One homogeneous area with suspected ACM was identified. Three samples were collected and analyzed. Sample results are summarized in the Laboratory Test Results table in this section. Asbestos, with friability was detected in none of the homogeneous areas.

Asbestos Free. Asbestos was not detected in the following homogeneous area:

- SHEETROCK (H-1)

Assumed ACM The following homogeneous area was assumed to contain asbestos:

- ROOFING, ASPHALT SHEETING (H-2) was non-friable and was not damaged.

3. OBSERVATIONS:

No observations

4. RECOMMENDED ABATEMENT ACTION:

No TSI was found in this building.

5. RECOMMENDATIONS FOR OPERATIONS AND MAINTENANCE:

Operations and maintenance recommendations for confirmed or assumed homogeneous area of ACM is shown below:

ROOFING is assumed, non-friable ACM H-2 (ROOFING, ASPHALT SHEETING) is located on the ROOF. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

THE UNIVERSITY OF CHICAGO

LIBRARY OF THE DIVISION OF THE PHYSICAL SCIENCES

570 SOUTH EAST ASIAN AVENUE

CHICAGO, ILLINOIS 60607

TEL: 773-936-5000

FAX: 773-936-5001

WWW.DPS.UCHICAGO.EDU

1999-2000

1998-1999

1997-1998

1996-1997

1995-1996

1994-1995

BUILDING NO.

128

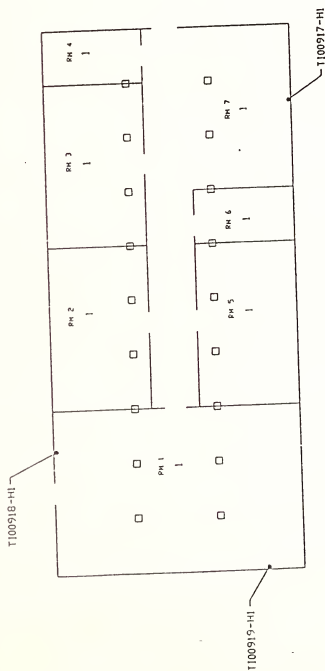
NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ASBESTOS SURVEY SUMMARY WITH ABATEMENT COSTS

ACH (Y/N/A)	DESCRIPTION	LOCATION	QUANTITY	RATING	FRIABILITY	CONDITION	% DAMAGE	RECOMMENDED ACTION	COST TO REPAIR/ REMOVE FRIABLE MATERIAL	COMMENTS
N	SHEETROCK	ROOMS 1, 2, 3, 4, 5, 6, 7	1500 SF	0			0			
A	ROOFING, ASPHALT SHEETING	ROOF	3610 SF	PD-3	NON	ND	0	OLM		
Total Cost									0	

ACH: Y=Yes, N=None, A=Assumed Quantity: SF=Square Feet, LF=Linear Feet Recommended Action: OLM=Operation and Maintenance
Condition: SD=Significantly Damaged, D=Damaged, PD = Potential for Damage, ND=No Damage

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ASBESTOS BUILDING SURVEY
LABORATORY TEST RESULTS

Building Number: 128					
Sample No.	Sample Number	Material Description	Results	Per cent	Comments
1	T100917	SHEETROCK	NO ASBESTOS DETECTED		
1	T100918	SHEETROCK	NO ASBESTOS DETECTED		
1	T100919	SHEETROCK	NO ASBESTOS DETECTED		



BUILDING 128 : NAVSTA STORAGE

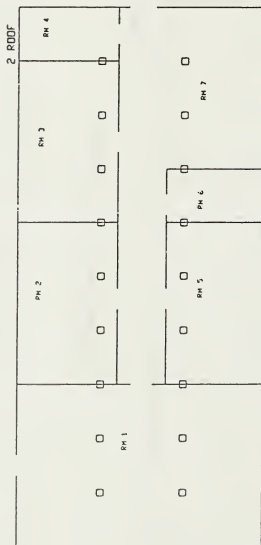
● SAMPLING POINT
ND NONE DETECTED

HOMOGENEIOUS AREA DESCRIPTION
1 SHEETPOCK

0° NORTH

0' 10' 20'

PREPARED BY: NAVAL ISLAND NAVAL SHIPYARD Valle Jo, California Code 2481 Production Engineering		INSPECTED BY: C. BROWN A. BROWN V. HABENICHT	
Fire No. B12B		Date No. 11	
REVISIONS		BY DATE	
NAVAL STATION TREASURE ISLAND SAN FRANCISCO, CA		BLDG 128 CONFIRMED	
ASBESTOS CONTAINING MATERIAL			



BUILDING 128 : NAVSTA STORAGE

HOMOGENEOUS AREA DESCRIPTION
2. ROOFING, ASPHALT SHEETING

(ASSUMED)

● SAMPLING POINT
ND NONE DETECTED

NORTH

PREPARED BY: HARE ISLAND NAVAL SHIPYARD Vallejo, California Code 24BT Production Engineering	INSPECTED BY: W. HABENICHT
DATE: 11/1/77	BY: TI
FILE NO.: B128	DATE: 11/1/77
REVISIONS:	

NAVAL STATION
TREASURE ISLAND
SAN FRANCISCO, CA

BLDG 128

ASSUMED

ASBESTOS CONTAINING MATERIAL

0" 10" 20"

PAGE 1 OF 1

BUILDING 129: NAVSTA STORAGE

1. DESCRIPTION:

Building 129 is a 2,880 square-foot building of wood construction. It was built in 1942. The following information was identified during the sampling survey and from the analysis of the samples taken:

Eight homogeneous areas were identified during the initial survey.

- Six homogeneous areas were assumed to contain asbestos.
- Two of the homogeneous areas were suspected to contain asbestos and were sampled to confirm.
 - Two of the suspected homogeneous areas did not contain asbestos.

2. FINDINGS:

Two homogeneous areas with suspected ACM were identified. Six samples were collected and analyzed. Sample results are summarized in the Laboratory Test Results table in this section. Asbestos, with friability was detected in one of the homogeneous areas.

Asbestos Free. Asbestos was not detected in the following homogeneous areas:

- SHEETROCK (H-4)
- CEILING TILE, 12" WHITE PINHOLES W/MASTIC (H-5)

Assumed ACM The following homogeneous areas were assumed to contain asbestos:

- FLOOR TILE, 12" LIGHT GREEN W/WHITE SPECKS (H-1) was non-friable and was not damaged.
- FLOOR TILE, 12" DARK GREEN W/WHITE SPECKS (H-2) was non-friable and was damaged.
- COVING MASTIC 4" GREEN (H-3) was non-friable and was damaged.
- COVING MASTIC, 4" BLACK (H-6) was non-friable and was not damaged.
- COVING MASTIC, 4" BROWN (H-7) was non-friable and was not damaged.
- ROOFING, ASPHALT SHEETING (H-8) was low in friability and was damaged.

3. OBSERVATIONS:

No TSI was found in this building.

4. RECOMMENDED ABATEMENT ACTION:

The following recommendation is for the following homogeneous area:

- (H-8) ROOFING, ASPHALT SHEETING O&M/REPAIR

5. RECOMMENDATIONS FOR OPERATIONS AND MAINTENANCE:

Operations and maintenance recommendations for confirmed or assumed homogeneous areas of ACM are shown below:

FLOOR TILE is assumed, non-friable ACM H-1 (FLOOR TILE, 12" LIGHT GREEN W/WHITE SPECKS) is located in ROOMS 1-4, 6, 7, 8, HEAD. H-2 (FLOOR TILE, 12" DARK GREEN W/WHITE SPECKS) is located in ROOMS 1, 3, 4, 7, 8. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

ROOFING is assumed, low friable ACM H-8 (ROOFING, ASPHALT SHEETING) is located on the ROOF. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

MASTIC is assumed, non-friable ACM H-3 (COVING MASTIC 4" GREEN) is located in ROOMS 2, 6, 7, 8,. H-6 (COVING MASTIC, 4" BLACK) is located in ROOM 3. H-7 (COVING MASTIC, 4" BROWN) is located in ROOM 5. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ABSTRACTS SURVEY SUMMARY WITH ABATEMENT COSTS

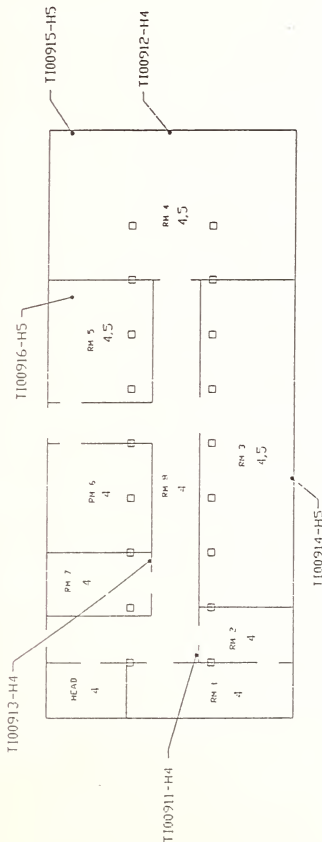
ACM (Y/N/A)	DESCRIPTION	LOCATION	QUANTITY	RATING	FRIABILITY	CONDI- TION	% DAM- AGE	RECOMMENDED ACTION	COST TO REPAIR/ REMOVE FRIABLE ACM	COMMENTS
A	FLOOR TILE, 12" LIGHT GREEN W/WHITE SPECKS	ROOMS 1-4, 6, 7, 8, HEAD	2379 SF	PD-3	NON	ND	0	OSM		
A	FLOOR TILE, 12" DARK GREEN W/WHITE SPECKS	ROOMS 1, 3, 4, 7, 8	87 SF	D-5	NON	D	1	OSM		FLOOR TILE WAS CHIPPED AND CRACKED IN ROOM 3.
A	COVING MASTIC 4" GREEN	ROOMS 2, 6, 7, 8,	96 SF	D-5	NON	D	3	OSM		MASTIC WAS EXPOSED IN ROOM 2.
N	SHEETROCK	ROOMS 1-8, HEAD	8640 SF	0			0			
N	CEILING TILE, 12" WHITE PINHOLES W/MASTIC	ROOMS 3-5	3000 SF	0			0			
A	COVING MASTIC, 4" BLACK	ROOM 3	25 SF	PD-3	NON	ND	0	OSM		
A	COVING MASTIC, 4" BROWN	ROOM 5	22 SF	PD-3	NON	ND	0	OSM		
A	ROOFING, ASPHALT SHEETING	ROOF	3600 SF	D-10	LOW	D	2	OSM/REPAIR	880	ROOF WAS GENERALLY DETERIORATED AND LEAKED. THERE WERE LARGE HOLES OVER ROOM 8 AND THE HEAD WITH CRUMBLED ROOFING ON THE FLOORS.
								Total Cost	880	

ACM: Y=Yes, N=None, A=Assumed Quantity: SF=Square Feet, LF=Linear Feet Recommended Action: OSM=Operation and Maintenance
Condition: SD=Significantly Damaged, D=Damaged, PD = Potential for Damage, ND=No Damage

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ASBESTOS BUILDING SURVEY
LABORATORY TEST RESULTS

Exhibit A, Page 11

ding Number: 129					
Sample Number	Material Description	Results	Per cent	Comments	
4	SHEETROCK	NO ASBESTOS DETECTED			
4	SHEETROCK	NO ASBESTOS DETECTED			
4	SHEETROCK	NO ASBESTOS DETECTED			
5	CEILING TILE, 12" WHITE PINHOLES W/MASTIC	NO ASBESTOS DETECTED			
5	CEILING TILE, 12" WHITE PINHOLES W/MASTIC	NO ASBESTOS DETECTED			
5	CEILING TILE, 12" WHITE PINHOLES W/MASTIC	NO ASBESTOS DETECTED			



BUILDING 129 : NAVSTA STORAGE

HOMOGENEOUS AREA DESCRIPTION
 4 SHEETROCK
 5' CEILING TILE, 12" WHITE PIPHOLES (NONE DETECTED)

● SAMPLING POINT
 NO NONE DETECTED

NORTH

PREPARED BY:
 NAVAL ISLAND NAVAL SHIPYARD
 Vallejo, California
 Construction Production Engineering
 Division
 E. HAWAIIAN
 A. BROOK
 Inspection by
 P. GRANT
 Date No. B129
 Rev. No. 11
 BY DATE

NAVAL STATION
 TREASURE ISLAND
 SAN FRANCISCO, CA

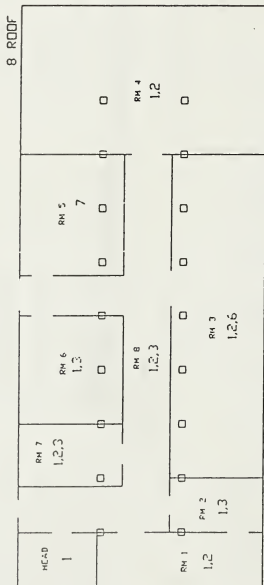
BLDG 129

CONFIRMED

ASBESTOS CONTAINING MATERIAL

0' 10' 20'
 1" = 10'

SHEET 1 OF 1



BUILDING 129 : NAVSTA STORAGE

- HOMOGENEOUS AREA DESCRIPTION
- 1 FLOOR TILE, 12" LIGHT GREEN
 - 2 FLOOR TILE, 12" DARK GREEN
 - 3 COVING MASTIC, 4" GREEN
 - 4 COVING MASTIC, 4" BLACK
 - 5 COVING MASTIC, 4" BROWN
 - 6 ROOFING, ASPHALT SHEETING

● SAMPLING POINT
ND NDDE DETECTED

PREPARED BY:
HARVEY L. HAYES
Vale Jo, California
Cont. 2481 Production Engineering
Inspected By:
P. GRANT
File No. B129
Rev. No. 11

REVISIONS

BY DATE

BY DATE

NAVAL STATION
TREASURE ISLAND
SAN FRANCISCO, CA

BLDG 129
ASSUMED

ASPECTS CONTAINING MATERIAL
SHEET

10' 10' 20'

BUILDING 130: NAVSTA STORAGE

1. DESCRIPTION:

Building 130 is a 2,880 square-foot building of wood construction. It was built in 1942. The following information was identified during the sampling survey and from the analysis of the samples taken:

Seven homogeneous areas were identified during the initial survey.

- One homogeneous area was assumed to contain asbestos.
- Six of the homogeneous areas were suspected to contain asbestos and were sampled to confirm.
 - Five of the suspected homogeneous areas were confirmed to contain asbestos.
 - One of the suspected homogeneous areas did not contain asbestos.

2. FINDINGS:

Six homogeneous areas with suspected ACM were identified. Sixteen samples were collected and analyzed. Sample results are summarized in the Laboratory Test Results table in this section. Asbestos, with friability was detected in five of the homogeneous areas.

Confirmed ACM The following homogeneous areas sampled were confirmed to contain asbestos:

- TSI, 8" PIPE (H-2) was moderately friable and was damaged.
- TSI, 8" FITTING (H-3) was moderately friable and was damaged.
- TSI, 4" PIPE (H-4) was moderately friable and was damaged.
- TSI, 3" PIPE (H-5) was moderately friable and was damaged.
- TSI, 3" FITTING (H-6) was moderately friable and was damaged.

Asbestos Free. Asbestos was not detected in the following homogeneous area:

- SHEETROCK (H-1)

Assumed ACM The following homogeneous area was assumed to contain asbestos:

- ROOFING, ASPHALT SHEETING (H-7) was non-friable and was not damaged.

3. OBSERVATIONS:

No observations

4. RECOMMENDED ABATEMENT ACTION:

The following recommendations are for the following homogeneous areas:

- (H-2) TSI, 8" PIPE O&M/REPAIR

- (H-3) TSI, 8" FITTING O&M/REPAIR
- (H-4) TSI, 4" PIPE O&M/REPAIR
- (H-5) TSI, 3" PIPE O&M/REPAIR
- (H-6) TSI, 3" FITTING O&M/REPAIR

5. RECOMMENDATIONS FOR OPERATIONS AND MAINTENANCE:

Operations and maintenance recommendations for confirmed or assumed homogeneous areas of ACM are shown below:

TSI is confirmed, moderate friable ACM H-2 (TSI, 8" PIPE) is located in ROOM 101. H-3 (TSI, 8" FITTING) is located in ROOM 101. H-4 (TSI, 4" PIPE) is located in ROOM 101. H-5 (TSI, 3" PIPE) is located in ROOM 101. H-6 (TSI, 3" FITTING) is located in ROOM 101. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

ROOFING is assumed, non-friable ACM H-7 (ROOFING, ASPHALT SHEETING) is located on the ROOF. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
 ASBESTOS SURVEY SUMMARY WITH ABATEMENT COSTS

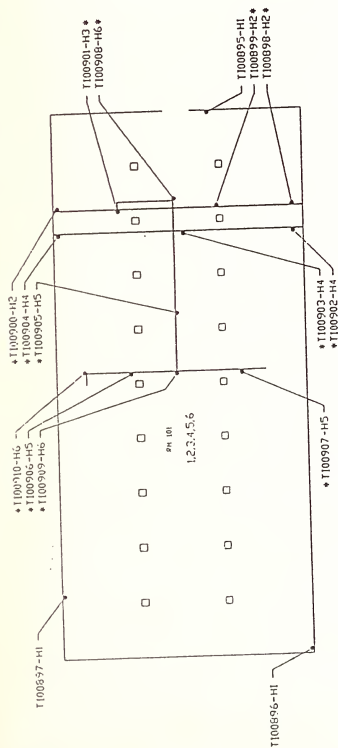
D A	ACM (Y/N/A)	DESCRIPTION	LOCATION	QUANTITY	RATING	FRIA- BILITY	COND I- TION	% DAM- AGE	RECOMMENDED ACTION	COST TO REPAIR/ REMOVE FRIABLE ACH	COMMENTS
	N	SHEETROCK	ROOM 101	2600 SF	0			0			
	Y	TSI, 8" PIPE	ROOM 101	40 LF	D-11	MOD	D	2	O&M/REPAIR	110	TSI WAS DETERIORATED AND HAD EXPOSED ENDS.
	Y	TSI, 8" FITTING	ROOM 101	1 LF	D-11	MOD	D	2	O&M/REPAIR	110	TSI WAS DETERIORATED.
	Y	TSI, 4" PIPE	ROOM 101	40 LF	D-11	MOD	D	2	O&M/REPAIR	110	TSI WAS DETERIORATED AND HAD EXPOSED ENDS.
	Y	TSI, 3" PIPE	ROOM 101	75 LF	D-11	MOD	D	2	O&M/REPAIR	220	TSI WAS DETERIORATED AND HAD EXPOSED ENDS.
	Y	TSI, 3" FITTING	ROOM 101	5 LF	D-11	MOD	D	1	O&M/REPAIR	110	TSI WAS DETERIORATED.
	A	ROOFING, ASPHALT SHEETING	ROOF	3610 SF	PD-3	NON	ND	0	O&M		
Total Cost										660	

ACH: Y=Yes, N=None, A=Assumed Quantity: SF=Square Feet, LF=Linear Feet Recommended Action: O&M=Operation and Maintenance
 Condition: SD=Significantly Damaged, D=Damaged, PD = Potential for Damage, ND=No Damage

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ASBESTOS BUILDING SURVEY
LABORATORY TEST RESULTS

Exhibit A, Page 17

Sliding Number: 130					
Sample Area No.	Sample Number	Material Description	Results	Per cent	Comments
1	T100895	SHEETROCK	NO ASBESTOS DETECTED		
1	T100896	SHEETROCK	NO ASBESTOS DETECTED		
1	T100897	SHEETROCK	NO ASBESTOS DETECTED		
2	T100898	TSI, 8" PIPE	NOT ANALYZED		(*) Not Analyzed
2	T100899	TSI, 8" PIPE	NOT ANALYZED		(*) Not Analyzed
2	T100900	TSI, 8" PIPE	Chrysotile	90	
3	T100901	TSI, 8" FITTING	Chrysotile	60	
4	T100902	TSI, 4" PIPE	Chrysotile	90	
4	T100903	TSI, 4" PIPE	NOT ANALYZED		(*) Not Analyzed
4	T100904	TSI, 4" PIPE	NOT ANALYZED		(*) Not Analyzed
5	T100905	TSI, 3" PIPE	Amosite	40	
5	T100906	TSI, 3" PIPE	Chrysotile	50	
5	T100907	TSI, 3" PIPE	NOT ANALYZED		(*) Not Analyzed
6	T100908	TSI, 3" FITTING	NOT ANALYZED		(*) Not Analyzed
6	T100909	TSI, 3" FITTING	NOT ANALYZED		(*) Not Analyzed
6	T100910	TSI, 3" FITTING	Amosite	30	Also contains chrysotile



BUILDING 130 : NAVSTA STORAGE

HOMOGENEOUS AREA DESCRIPTION

- 1 SHEET PILE
- 2 121. 6" PIPE
- 3 121. 4" PIPE
- 4 121. 3" PIPE
- 5 121. 3" PIPE
- 6 121. 3" FITTING

(NONE DETECTED)

- (Chrysotile)
- (Chrysotile)
- (Chrysotile)
- (Chrysotile)
- (Amosite)

* SIGNIFIES CONFIRMED ACM

● SAMPLING POINT
ND NONE DETECTED

NORTH

PREPARED BY: NAVAL STATION TREASURE ISLAND SAN FRANCISCO, CA		BLDG 130 CONFIRMED	
MADE BY: VALLEY INDUSTRIAL CORPORATION		ASBESTOS CONTAINING MATERIAL	
DRAWN BY: E. NAVARRO/ A. BROWN		BY DATE	
REV. NO. 1100		BY DATE	
REVISIONS		BY DATE	

10' 20' 30'

7 ROOF



BUILDING 130 : NAVSTA STORAGE

● SAMPLING POINT
 NO NONE DETECTED

NORTH

MULTI-PHASE AREA DESCRIPTION
 7 ROOF INC. ASPHALT SHEETING

(ASSURED)

NAVAL STATION
 TREASURE ISLAND
 SAN FRANCISCO, CA

BLDG 130

ASSURED

PREPARED BY: NAVSTA SHIPYARD
 Valle Jo, California
 Code 2481 Production Engineering

Drawn by: E. NAVSTA SHIPYARD
 L. NAVSTA SHIPYARD
 P. GRANT

File No: B130
 Rev. No: 11

REVISIONS: BY DATE

ASBESTOS CONTAINING MATERIAL

1" = 10' SCALE

SHEET 1 OF 1

BUILDING 131: NAVSTA STORAGE

1. DESCRIPTION:

Building 131 is a 2,880 square-foot building of wood construction. It was built in 1942. The following information was identified during the sampling survey and from the analysis of the samples taken:

Nine homogeneous areas were identified during the initial survey.

- One homogeneous area was assumed to contain asbestos.
- Eight of the homogeneous areas were suspected to contain asbestos and were sampled to confirm.
 - Seven of the suspected homogeneous areas were confirmed to contain asbestos.
 - One of the suspected homogeneous areas did not contain asbestos.

2. FINDINGS:

Eight homogeneous areas with suspected ACM were identified. Nineteen samples were collected and analyzed. Sample results are summarized in the Laboratory Test Results table in this section. Asbestos, with friability was detected in seven of the homogeneous areas.

Confirmed ACM The following homogeneous areas sampled were confirmed to contain asbestos:

- TSI, 8" PIPE (H-1) was moderately friable and was damaged.
- TSI, 8" FITTING (H-2) was low in friability and was not damaged.
- TSI, 8" PATCH (H-3) was moderately friable and was damaged.
- TSI, 4" PIPE (H-4) was moderately friable and was damaged.
- TSI, 4" FITTING (H-5) was moderately friable and was damaged.
- TSI, 3" PIPE (H-6) was moderately friable and was damaged.
- TSI, 3" FITTING (H-7) was moderately friable and was damaged.

Asbestos Free. Asbestos was not detected in the following homogeneous area:

- SHEETROCK (H-8)

Assumed ACM The following homogeneous area was assumed to contain asbestos:

- ROOFING, ASPHALT SHEETING (H-9) was non-friable and was not damaged.

3. OBSERVATIONS:

No observations

4. RECOMMENDED ABATEMENT ACTION:

The following recommendations are for the following homogeneous areas:

- (H-1) TSI, 8" PIPE O&M/REPAIR
- (H-3) TSI, 8" PATCH O&M/REPAIR
- (H-4) TSI, 4" PIPE O&M/REPAIR
- (H-5) TSI, 4" FITTING O&M/REPAIR
- (H-6) TSI, 3" PIPE O&M/REPAIR
- (H-7) TSI, 3" FITTING O&M/REPAIR

5. RECOMMENDATIONS FOR OPERATIONS AND MAINTENANCE:

Operations and maintenance recommendations for confirmed or assumed homogeneous areas of ACM are shown below:

TSI is confirmed, moderate friable ACM H-1 (TSI, 8" PIPE) is located in ROOM 101. H-3 (TSI, 8" PATCH) is located in ROOM 101. H-4 (TSI, 4" PIPE) is located in ROOM 101. H-5 (TSI, 4" FITTING) is located in ROOM 101. H-6 (TSI, 3" PIPE) is located in ROOM 101. H-7 (TSI, 3" FITTING) is located in ROOM 101. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

TSI is confirmed, low friable ACM H-2 (TSI, 8" FITTING) is located in ROOM 101. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

ROOFING is assumed, non-friable ACM H-9 (ROOFING, ASPHALT SHEETING) is located on the ROOF. This material should be maintained following guidelines in the O & M Plan during regular maintenance and small-scale repair activities.

BUILDING NO.

131

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ASBESTOS SURVEY SUMMARY WITH ABATEMENT COSTS

Exhibit A, Page 22

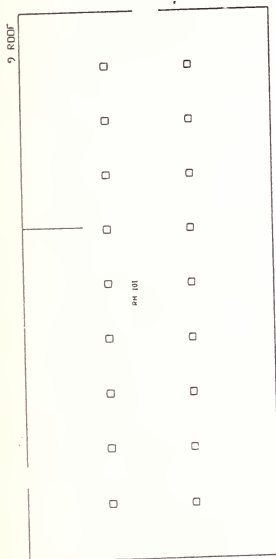
ACH (Y/N/A)	DESCRIPTION	LOCATION	QUANTITY	RATING	FRI- BILITY	CONDI- TION	% DAM- AGE	RECOMMENDED ACTION	COST TO REPAIR/ REMOVE FRUITABLE ACH	COMMENTS
Y	TST, 8" PIPE	ROOM 101	125 LF	D-11	MOD	D	1	O&M/REPAIR	110	TST WAS DETERIORATED, TORN AND HAD EXPOSED ENDS.
Y	TST, 8" FITTING	ROOM 101	2 LF	PD-7	LOW	ND	0	O&M		
Y	TST, 8" PATCH	ROOM 101	3 LF	D-10	MOD	D	1	O&M/REPAIR	55	TST WAS TORN AND HAD EXPOSED ENDS.
Y	TST, 4" PIPE	ROOM 101	125 LF	D-11	MOD	D	1	O&M/REPAIR	110	TST WAS DETERIORATED.
Y	TST, 4" FITTING	ROOM 101	1 LF	D-11	MOD	D	1	O&M/REPAIR	55	TST WAS DETERIORATED.
Y	TST, 3" PIPE	ROOM 101	25 LF	D-11	MOD	D	3	O&M/REPAIR	110	TST WAS DETERIORATED, TORN AND HAD EXPOSED ENDS.
Y	TST, 3" FITTING	ROOM 101	3 LF	D-11	MOD	D	1	O&M/REPAIR	55	TST WAS DETERIORATED.
N	SHEETROCK	ROOM 101	128 SF	0			0			
A	ROOFING, ASPHALT SHEETING	ROOF	3610 SF	PD-3	NON	ND	0	O&M		
								Total Cost	495	

ACH: Y=Yes, N=None, A=Assumed Quantity: SF=Square Feet, LF=Linear Feet Recommended Action: O&M=Operation and Maintenance
Condition: SD=Significantly Damaged, PD=Potential for Damage, ND=No Damage

NAVAL STATION TREASURE ISLAND, SAN FRANCISCO, CA
ASBESTOS BUILDING SURVEY
LABORATORY TEST RESULTS

Exhibit A, Page 23

Sampling Number: 131					
Sample Area No.	Sample Number	Material Description	Results	Per cent	Comments
1	T100476	TSI, 8" PIPE	Chrysotile	50	
1	T100477	TSI, 8" PIPE	NOT ANALYZED		(*) Not Analyzed
1	T100478	TSI, 8" PIPE	NOT ANALYZED		(*) Not Analyzed
2	T100479	TSI, 8" FITTING	NOT ANALYZED		(*) Not Analyzed
2	T100480	TSI, 8" FITTING	Chrysotile	40	
3	T100481	TSI, 8" PATCH	Chrysotile	30	
4	T100482	TSI, 4" PIPE	Chrysotile	70	
4	T100483	TSI, 4" PIPE	NOT ANALYZED		(*) Not Analyzed
4	T100484	TSI, 4" PIPE	Amosite	40	Also contains chrysotile
5	T100485	TSI, 4" FITTING	Chrysotile	30	Also contains amosite
6	T100486	TSI, 3" PIPE	Chrysotile	30	Also contains amosite
6	T100487	TSI, 3" PIPE	NOT ANALYZED		(*) Not Analyzed
6	T100488	TSI, 3" PIPE	NOT ANALYZED		(*) Not Analyzed
7	T100489	TSI, 3" FITTING	NOT ANALYZED		(*) Not Analyzed
7	T100490	TSI, 3" FITTING	Chrysotile	50	Also contains amosite
7	T100491	TSI, 3" FITTING	NOT ANALYZED		(*) Not Analyzed
8	T100492	SHEETROCK	NO ASBESTOS DETECTED		
8	T100493	SHEETROCK	NO ASBESTOS DETECTED		
8	T100494	SHEETROCK	NO ASBESTOS DETECTED		



BUILDING 131 : NAVSTA STORAGE

HOMOGENEOUS AREA DESCRIPTION
9 ROOFING, ASPHALT SHEETING

(ASSUMED)

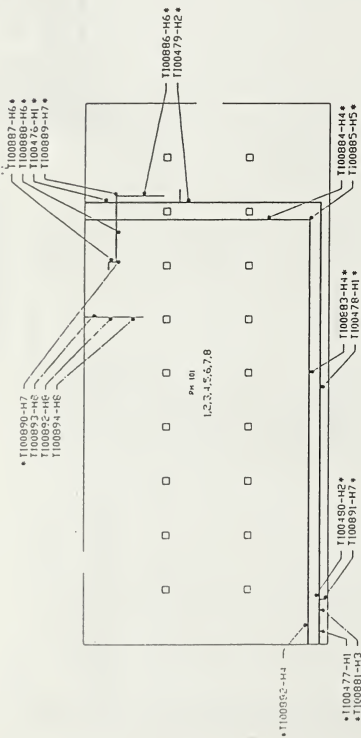
● SAMPLING POINT
NO NONE DETECTED

NORTH

ASSIGNED BY: NAVAL STATION TREASURE ISLAND SAN FRANCISCO, CA	
CODE: 2481 Production Engineering Drawn by: E. MAGUIRE Inspected by: P. GRANT Date: 11/11/11	
BY	DATE
PREVIOUS	DATE
ASSUMED: 2481 CONTAINING MATERIAL SHEET 1 OF 1	

0' 10' 20'

SCALE



BUILDING 131 : NAVSTA STORAGE

DESCRIPTION

- | | | | |
|---|-------|-----------|-----------------|
| 1 | 131.0 | PIPE | [Chrysotile] |
| 2 | 131.0 | FITTING | [Chrysotile] |
| 3 | 131.3 | PATCH | [Chrysotile] |
| 4 | 131.4 | PIPE | [Amosite] |
| 5 | 131.4 | FITTING | [Chrysotile] |
| 6 | 131.3 | PIPE | [Chrysotile] |
| 7 | 131.3 | FITTING | [Chrysotile] |
| 8 | | SPECTROCK | (NONE DETECTED) |

* SIGNIFIES CONFIRMED ACM

NORTH

PREPARED BY:
MARE ISLAND NAVAL SHIPYARD
Vallejo, California
Code 2481 Production Engineering

Drawn by:	Inspected By:
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Exhibit B
Project Budget

TASK NO.	DESCRIPTION	IN-KIND	DECONSTRUCTION GRANT	TOTAL
1	Abate and haul away hazardous waste	0	\$16,000	\$16,000
2	Hire Project Staff: Project Manager (1), trainers (4) and select trainees (10)	\$1,000	0	\$1,000
3	Deconstruct Buildings 3a Waste hauling and trucking \$3,000 3b Tipping fees \$2,000 3c Equipment rental \$3,000 3d Tools \$1,500 3e Safety consultant \$1,500		\$11,000	\$11,000
4	Training Manual, Project Report, Media promotion	\$3,000	\$2,500	\$5,500
5	Staff Costs Project Manager for 6 weeks @ \$1,250 per week 4 Trainers for 4 weeks @ \$36 per hour per trainer up to 10 trainees for 4 weeks @ \$20 per hour per trainee		\$62,540	\$62,540
6	Contingency, overhead		\$2,410	\$2,410
	TOTAL	\$4,000	\$94,450	\$98,450

Exhibit C
Deconstruction Plans and Specifications

WASTE MANAGEMENT REQUIREMENTS

1.1 SUMMARY

- A. Section Includes: Requirements for ensuring the most environmentally conscious Work feasible within the limits of the Contract Time, Contract Sum, and available materials, equipment, and products.

1.2 DEFINITIONS

- A. Class 3 Landfill: A landfill that accepts non-hazardous waste such as household, commercial, and industrial waste resulting from construction, remodeling, repair, and demolition operations. A Class 3 Landfill must have a solid waste facilities permit from the California Integrated Waste Management Board (CIWMB) and is regulated by the Local Enforcement Agency (LEA).
- B. Construction and Demolition Waste: Non-hazardous solid resources resulting from Contractor's construction, remodeling, repair, and demolition operations for the Project.
- C. Disposal: Acceptance of solid waste at a legally operating facility for the purpose of landfilling. Includes Class 3 Landfills and Inert Fills. Disposal of inert materials at Inert Fills or Inert Backfill Sites are not considered recycling under State regulations.
- D. Environmental Pollution and Damage: The presence of chemical and biological elements or agents which adversely affect human health or welfare; unfavorably alter ecological balances of importance to human life; affect other species of importance to humanity; or degrade the utility of the environment for aesthetic, cultural or historical purposes.
- E. Inert Fill: A facility that can legally accept inert waste such as asphalt and concrete exclusively for the purpose of disposal.
- F. Inert Solids/Inert Waste: Non-liquid solid resources including, but not limited to, soil and concrete, that do not contain hazardous waste or soluble pollutants at concentrations in excess of water-quality objectives established by a regional water board pursuant to division 7 (section 13000 et seq.) of the California Water Code and does not contain significant quantities of decomposable solid resources.
- G. Inert Backfill Site: A location, other than inert fill or other disposal facility, to which inert materials are taken for the purpose of legally filling an excavation, shoring, erosion control, land filling for future development, or other soils engineering operation.
- H. Mixed Debris: Commingled recyclable and non-recyclable materials generated at the Site.
- I. Mixed Debris Recycling Facility: A solid resources processing facility that accepts commingled construction and demolition waste for the purpose of recovering reusable and recyclable materials and disposing of the non-recyclable residual materials.
- J. Recycling: The process of sorting, cleansing, treating, and reconstituting materials for the purpose of using the altered form in the manufacture of a new product. Recycling does not include burning, incinerating, or thermally destroying solid waste.

- K. Recycling Facility: An operation that can legally accept materials for the purpose of processing the materials into an altered form for the manufacture of a new product. Depending on the types of materials accepted and operating procedures, a recycling facility may or may not be required to have a Solid Waste Facilities permit from the CIWMB or be regulated by the LEA.
- L. Reuse: Making new use of a material without altering its form.
- M. Salvage: Recovering materials for on-Site reuse or for sale or donation to a third party.
- N. Source-Separated Materials: Materials that are sorted at the site of generation by individual material type for the purpose of reuse or recycling, e.g. demolished concrete that is separated at the Site for delivery to a base course recycling facility.
- O. Solid Waste: Materials that have been designated as non-recyclable and are discarded for the purposes of disposal.
- P. Transfer Station: A facility that can legally accept Solid Wastes for the purpose of temporarily storing the materials for reloading onto other trucks and transporting to a landfill for disposal, or recovering some of the materials for reuse or recycling. Transfer stations must be permitted by the CIWMB and regulated by the LEA.

1.3 REFERENCES

- A. San Francisco Administrative Code chapter 82, Resource Efficiency Requirements for City-Owned Facilities and City Leaseholds.
- B. California Solid Waste Management Act (Assembly Bill 939).
- C. "Construction & Demolition Recycling Companies Directory," published by the San Francisco Solid Waste Management Program.

1.4 WASTE MANAGEMENT GOALS

- A. Generate least amount of waste possible and employ processes that ensure generation of least waste possible due to error, poor planning, breakage, mishandling, contamination, and other factors.
- B. Of the inevitable waste generated, reuse, salvage, or recycle as many of the waste materials as economically feasible.
 - 1. Minimize waste disposal in landfills.
 - 2. Maximize use of salvage, source-separated recycling, and mixed debris recycling facilities.
 - 3. If practical, use on-Site recycling.
- C. Protect the environment, both on-Site and off-Site, during demolition and construction operations.
- D. Prevent environmental pollution and damage.
- E. Effect optimum control of solid waste and recoverable resources generated in the Work.

1.5 SUBMITTALS

- A. Solid Waste Management Plan:

1. Prior to commencement of the Work at the Site conduct a Site assessment and estimate the types and quantities of materials for the Project that are anticipated to be feasible for salvage, recycling or reuse, either on-Site or off-Site, and the quantities of materials that are anticipated to be disposed. Calculate the estimated diversion rate from these estimated quantities.
 - a. Refer to the most recent issue of "Construction & Demolition Recycling Companies Directory," published by the San Francisco Solid Waste Management Program, telephone (415) 554-3412, for a partial list of facilities that accept these materials for recycling, re-use or salvage.
2. After the Notice to Proceed and prior to commencement of the Work, submit a written construction and demolition solid waste management plan based on the recycling requirements specified in Article 1.6 including, but not limited to, the following:
 - a. Names, locations, phone numbers and permit or license, as applicable, of recycling and reuse facilities and solid waste disposal sites that Contractor intends to use for this Project and the materials that will be delivered to each site.
 - b. Description of procedures to be used for ensuring maximum diversion of materials from disposal sites for this Project including the following:
 - 1) Salvaging construction debris from the Site, together with a list of materials targeted for reuse from this Project and estimated tonnage.
 - 2) Recycling source separated materials from the Site, together with a list of materials targeted for recycling from this Project and estimated tonnage.
 - 3) Recycling of mixed debris, including proper documentation to prove diversion at mixed debris recycling facilities used.
 - 4) Training of Contractor's employee's and subcontractors in recycling procedures, including proper signage and supervision of Contractor's operations.
 - 5) Processing or reusing materials on Site.
 - 6) Tracking of diversion activities, weights of diverted and disposed materials, and diversion and disposal facilities used for this Project.
 - c. Summary of estimated quantities to be recycled, reused or salvaged and disposed and estimated final diversion rate for this Project; provide explanation if diversion rate is expected to be less than 50 percent.
3. Within 5 days of submitting Contractor's solid waste management plan, the City Representative will schedule and attend a meeting with Contractor and representatives of the City's Solid Waste Management and Recycling Programs to discuss Contractor's proposed construction and demolition waste management plan and to develop mutual understanding regarding recycling and reuse programs.
4. Not more than 10 days after the meeting, revise and resubmit Contractor's construction and demolition waste management plan as required by City's Representative
5. Review of the Contractor's construction and demolition waste management plan will not relieve Contractor of responsibility for compliance with applicable laws and regulations governing control and disposal of solid waste or other pollutants.

- B. Monthly Disposal and Recycling Report: With each application for payment, submit to the City Representative, with copy to the City's Solid Waste Management Program, a diversion and disposal summary report, quantifying the Construction and Demolition Waste generated and recycled, reused or disposed of at Class 3 landfill for the month covered by payment application. Submit on form acceptable to City's Representative (see Appendix A of this Section). Include manifests, weight tickets, receipts, and invoices specifically identifying the Project and waste material from:
1. Source separated recycling facilities.
 2. Mixed debris recycling facilities.
 3. Class 3 landfills
 4. Inert materials accepted at Class 3 landfills as daily cover.
 5. Inert fills

6. Inert backfill sites other than inert fills.

1.6 RECYCLING REQUIREMENTS

- A. Source Separated Materials: Develop and implement procedures for source-separation, to the greatest extent feasible, of the following types of recyclable materials:
 1. Asphalt.
 2. Concrete, concrete block, slump stone (decorative concrete block), and rock.
 3. Soil.
 4. Ferrous and non-ferrous metal.
 5. Wood and cleared vegetation.
 6. Inert waste.
 7. Mixed debris.
 8. Salvage or reuse.
 9. Other demolished materials, such as red clay brick and corrugated cardboard.
- B. Mixed Debris: Develop and implement procedures for transporting commingled construction and demolition waste that cannot be feasibly source-separated for acceptance by a Mixed Debris Recycling Facility.
- C. Salvageable Items: Perform a Site assessment to identify materials that are feasible for salvage and to determine the requirements for handling and transporting to a salvage facility.
- D. Handling:
 1. Materials shall be free of dirt, adhesives, solvents, petroleum contamination, and other substances deleterious to recycling process. Clean materials that are contaminated prior to placing in collection containers.
 2. Arrange for collection by or delivery to the appropriate recycling center or transfer station that accepts construction and demolition waste for purpose of recycling.
- E. Hauling:
 1. Provide collection and trucking dispose of materials by a permitted waste hauler.
- F. Disposal:
 1. Legally transport and dispose of materials at a Transfer Station or Disposal facility that cannot be delivered to a Source-Separated or Mixed Debris Recycling Facility.
 2. Do not burn, bury or otherwise dispose of solid waste on or off Site.
- G. Participate in Re-Use Programs such as:
 1. Habitat for Humanity - a non-profit housing organization that rehabilitates and builds housing for low-income families.
- H. Rebates, tax credits, and other savings obtained for recycled or re-used materials shall accrue to Contractor.

1.7 ENVIRONMENTAL CONTROLS

- A. Comply with federal, state and local regulations pertaining to water, air, solid waste, chemical waste, sanitary waste, sediment and noise pollution.
- B. Protection of Natural Resources: Preserve the natural resources within the project boundaries and adjoining areas or restore to an equivalent condition.

1. Confine demolition and construction activities to areas defined by public roads, easements, and work area limits indicated on the Drawings.
 - a. Temporary Construction: Remove indications of temporary construction facilities, such as haul roads, work areas, structures, stockpiles or waste areas.
2. Water Resources: Comply with applicable regulations concerning the direct or indirect discharge of pollutants to underground and natural waters.
 - a. Oily Substances: Prevent oily or other hazardous substances from entering the ground, drainage areas, or local bodies of water in such quantities as to affect normal use, aesthetics, or produce a measurable ecological impact on the area.
 - 1) Store and service construction equipment at areas designated for collection of oil wastes.
 - b. Refer to Document 00813 - Specific Project Requirements for requirements and regulations applicable to discharging into the City's sewer system.
3. Disposal Operations:
 - a. Promptly and legally transport and dispose of removed and demolished items and waste materials that are not identified to be recycled or reused.
 - b. Do not burn, bury or otherwise dispose of rubbish and waste materials on Site.

END OF DOCUMENT

SOLID WASTE DISPOSAL AND RECYCLING REPORT: INFORMATION AND INSTRUCTIONS

Required Submittal of Contractor's Disposal and Recycling Report With Each Application for Payment: A summary report shall be submitted with each application for payment of recyclables and solid resources generated by the construction and demolition operations on the forms provided herein (Appendix A). Failure to submit the form and its supporting documentation may render the application for payment incomplete and delay payments issued by the City. Include manifests, weight tickets, receipts, and invoices specifically identifying the Project and materials that were sent to:

1. Source Separated Recycling Facilities.
2. On-Site Reuse.
3. Mixed Debris Recycling Facilities.
4. Inert Recycling at landfill as daily cover.
5. Reuse of salvageable items.
6. Disposal of inert materials at Inert Fills or Inert Backfill sites.
7. Disposal at landfill or transfer station.
8. Other.

With each submittal of Contractor's application for process payment, submit to the City Representative the attached Solid Waste Disposal and Recycling Report, Monthly Totals and Cumulative Totals, and send a copy to the San Francisco Recycling Program, Attn: Commercial Recycling Coordinator, 1145 Market St., Ste. 401, SF, 94103, quantifying all materials generated in the Work, disposed in Class 3 Landfills, or diverted from disposal through recycling. Indicate zero (0) if there is no quantity to report for a type of material.

Report disposal or recycling either in tons *or* in cubic yards. If scales are available at disposal or recycling facility, report in tons; otherwise, report in cubic yards. For salvage items, list the quantity of each item and approximate weight.

Indicate locations to which materials are delivered for disposal, recycling, accepted as daily cover, or taken for inert backfill.

This Report must be accompanied by legible copies of weigh tickets, receipts, or invoices that specifically identify the project generating the material. Said documents must be from recyclers and/or disposal site operators that can legally accept the materials for the purpose of re-use, recycling, or disposal.

Indicate the Project title, Contract number; progress payment number; name of the company completing the Summary Form and compiling backup documentation; the printed name, signature, and daytime phone number of the person completing the form, the beginning and ending dates of the period covered on this Report form; and the date that this Report Form is completed.

Exhibit E
Document 00813 (*Specific Project Requirements*)
Document 00814 (*Health and Safety Criteria*)

Notes

AGENDA ITEM
Treasure Island Development Authority
City and County of San Francisco

Subject: Resolution Authorizing the Executive Director
To Issue a Focused Request for Proposal to
Treasure Island Community Development for
Development of Former Naval Station Treasure Island

Agenda Item No. 14
Meeting of October 17, 2001

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Director of Development
274-0660

BACKGROUND

On June 14, 2000, the Authority authorized the issuance of a Request for Qualifications for a Primary Developer ("Primary Developer RFQ") for former Naval Station Treasure Island. On October 27, 2000, staff issued approximately 500 copies of the Primary Developer RFQ to interested parties. Staff held a pre-submittal meeting on Treasure Island on December 5, 2000 to address questions from potential respondents regarding the RFQ process. Submittals for the RFQ were due to the Authority office on February 1, 2001. On that date, the Authority received two responses to the RFQ, which were distributed to the Authority Board members for review. The two responses were from Navillus Associates and Treasure Island Community Development (TICD).

On July 11, 2001, Authority staff presented the findings of an independent review of the two proposals conducted by Keyser Marston Associates, working in conjunction with Arthur Andersen and Dean Macris. The conclusions reached by the consultant team, with the concurrence of staff, was that TICD met all the evaluation criteria set forth in the RFQ and thus is an entity that could assume the responsibility of Primary Developer for Treasure Island, and that the Navillus did not meet all the evaluation criteria. Based on these findings, the Authority directed staff to undertake two actions:

- First, undertake a brief study to assess the relative lack of developer interest in the original RFQ and explore ways to improve competition for the opportunity. The study would entail consultation with expert advisers and interviews with prospective developers that had previously expressed interest in Treasure Island but failed to respond to the RFQ. Ultimately, the expectation was that the focused study would assist the Authority in identifying the feasibility of improving the climate for development (and thus improve the chances for increased competition), and in assessing what the Authority's next steps should be.
- Second, based on the information gleaned from the analysis, the Authority would evaluate options for moving forward with the expectation that that Authority would

prepare and issue some type of further solicitation, while recognizing that TICA was "deemed" qualified.

To complete the first action, staff hired Bay Area Economics (BAE) to conduct interviews with representatives of five national developers that have a breadth of experience in mixed-use developments of the size and scale contemplated at Treasure Island. The interview guide was prepared by BAE, based on input from TICA staff and a review of the RFQ and the Developers Packet.

SUMMARY OF FINDINGS

Overall, developers agreed that Treasure Island is a one-of-a-kind real estate opportunity, but they found the overall project to be enormously complex, with a number of issues and risks that make development very difficult, including financial, market, legal, entitlement, environmental, and political risk factors. Specific issues mentioned by developers as being of most concern were the economic feasibility of the project, the limitations of the Tideland Trust and the ability to execute a "trust exchange, the seismic condition of the Island and related improvement costs, and access constraints to and from the Island. Other "second-tier" concerns included the presence of existing uses or commitments on the Island (e.g., Job Corps, Marina, Police and Fire), the City's commitment to the development of the project, the conveyance of property from the Navy, and the ability to gain entitlements for the property.

Based on the information gleaned from developer interviews, BAE set forth three possible options for the Authority to consider as prospective paths forward. They include:

- *Issuing a Focused RFP to Treasure Island Community Development*
- *Issuing a Modified RFQ/P that Addresses Financial Feasibility Concerns and Simplifies Proposal Requirements*
- *Reissue a New RFQ/P after the Authority Completes Substantial Pre-Development Enhancement Activities.*

RECOMMENDATION

It is clear from the data presented in the BAE report, there are no 'quick fixes' the Authority can undertake to improve the development climate at Treasure Island (within 1 year). At best, in the short run the Authority could issue a modified RFQ/P that repositioned the opportunity and offered a more streamlined selection process leading to an exclusive negotiating agreement. However, based on data collected in the interviews, it's questionable if these modifications would attract additional developer interest to the project and a changed solicitation and selection process could add significant additional time to the redevelopment effort, possibly 6-9 months.

As a result, at the September 12 meeting of the Authority, staff recommended the Authority proceed with its original solicitation process by issuing a focused RFP to Treasure Island

Community Development. The focused RFP would require TICD to submit detailed information about its proposed development of Treasure Island. This information would allow the Authority and the community to effectively evaluate TICD's plans for Treasure Island prior to entering into an exclusive negotiating agreement. This option best allows the Authority to move forward on a timely basis with the redevelopment effort.

Staff continues to support the recommendation of issuing a focused RFP to TICD. Exhibit A to this staff summary sets forth a schedule for the RFP if the Authority approves the resolution under consideration.



RECYCLED PAPER MADE FROM 20% POST CONSUMER CONTENT

Proposed Schedule to Issue Focused RFP	Week Of																
	Oct			Nov				Dec				Jan					
Tasks	22	29		5	12	19	26	3	10	17	24	31	7	14	21	28	
Prepare Draft RFP																	
Present Draft RFP to CAB					★												
Comments on Draft RFP from Regulators/City Depts																	
Comments on Draft RFP from CAB										★							
Revise and Present Draft RFP to TIDA Board														★			
Present Final RFP to TIDA Board for Approval																◆	

★ Regular Meeting Dates for CAB or TIDA Board

◆ Special Meeting of the TIDA Board



1 AUTHORIZING THE EXECUTIVE DIRECTOR TO ISSUE A FOCUSED REQUEST FOR
2 PROPOSALS TO TREASURE ISLAND COMMUNITY DEVELOPMENT FOR THE
3 DEVELOPMENT OF FORMER NAVAL STATION TREASURE ISLAND.

4 WHEREAS, Under the Treasure Island Conversion Act of 1997, which amended
5 Section 33492.5 of the California Health and Safety Code and added Section 2.1 to Chapter
6 1333 of the Statutes of 1968 (the "Act"), the California Legislature (i) designated the Treasure
7 Island Development Authority (the "Authority") as a redevelopment agency under California
8 redevelopment law with authority over former Naval Station Treasure Island (the "Base"), and
9 (ii), with respect to those portions of the Base which are subject to the public trust for
10 commerce, navigation and fisheries (the "Tidelands Trust"), vested in the Authority the
11 authority to administer the Tidelands Trust as to such property; and,

12 WHEREAS, The Board of Supervisors approved the designation of the Authority as a
13 redevelopment agency with powers over Treasure Island in Resolution No. 43-98, dated
14 February 6, 1998; and,

15 WHEREAS, Under the Act and the Authority's Articles of Incorporation and Bylaws, the
16 Authority, acting by and through its Board of Directors has the power, subject to applicable
17 laws, to sell, lease, exchange, transfer, convey or otherwise grant an interest in or right to use
18 or occupy all or any portion of the real property located on the Base; and,

19 WHEREAS, In 1994, a Citizen's Reuse Committee ("CRC"), representing a broad
20 spectrum of community interests, was formed to: (i) review reuse planning efforts regarding
21 the Base by the San Francisco Planning Department and the San Francisco Redevelopment
22 Agency; and (ii) to make recommendations to the City's Planning Commission and Board of
23 Supervisors; and,

The first part of the paper discusses the importance of the study and the objectives of the research. It also outlines the methodology used in the study and the results obtained. The second part of the paper discusses the implications of the study and the conclusions drawn from the research. The third part of the paper discusses the limitations of the study and the areas for future research. The fourth part of the paper discusses the significance of the study and the contributions it makes to the field of research. The fifth part of the paper discusses the practical applications of the study and the ways in which the findings can be used to improve practice. The sixth part of the paper discusses the ethical considerations of the study and the ways in which the findings can be used to protect the rights of the participants. The seventh part of the paper discusses the funding of the study and the ways in which the findings can be used to inform policy. The eighth part of the paper discusses the dissemination of the study and the ways in which the findings can be used to inform practice. The ninth part of the paper discusses the conclusion of the study and the ways in which the findings can be used to inform practice. The tenth part of the paper discusses the acknowledgements of the study and the ways in which the findings can be used to inform practice.

1 WHEREAS, In July 1996, after an extensive community planning effort, the Draft
2 Reuse Plan for the Base was unanimously endorsed by the Mayor, the Board of Supervisors,
3 the Planning Commission and the CRC; and,

4 WHEREAS, The City forwarded the Reuse Plan to the Department of Defense in July
5 1996 to serve as the guiding document for the Navy and City in preparation of a joint
6 Environmental Impact Statement/Environmental Impact Report (EIR/EIS) and the Reuse Plan
7 serves as the basis for the Preliminary Redevelopment Plan for the Base; and,

8 WHEREAS, The conversion of the Base according to the goals and objectives of the
9 Reuse Plan will require extensive coordination and large investments for new infrastructure
10 and to address extraordinary transportation access and seismic constraints, all of which may
11 best be achieved by competitively soliciting proposals for primary development of the Base
12 through a two-step Request for Qualifications ("RFQ") and subsequent Request for Proposals
13 ("RFP") process; and,

14 WHEREAS, On June 14, 2000, the Authority authorized issuance of an RFQ, and on
15 October 27, 2000, staff issued approximately 500 copies of the RFQ to interested parties, and
16 thereafter, on December 5, 2000, staff hosted a pre-submittal meeting regarding the RFQ and
17 RFP that was attended by over 125 representatives of the development community; and,

18 WHEREAS, Submittals to the RFQ were due to the Authority by February 1, 2001, and
19 on that date the Authority received only two responses to the RFQ, one from Navillus
20 Associates and one from Treasure Island Community Development ("TICD"); and,

21 WHEREAS, A team of expert consultants hired by the authority, including Keyser
22 Marston & Associates and Arthur Andersen, reviewed the materials submitted by the two
23 respondents to the RFQ, prepared supplemental information requests to address questions
24 raised during the review process, and together with Authority staff and a designated member



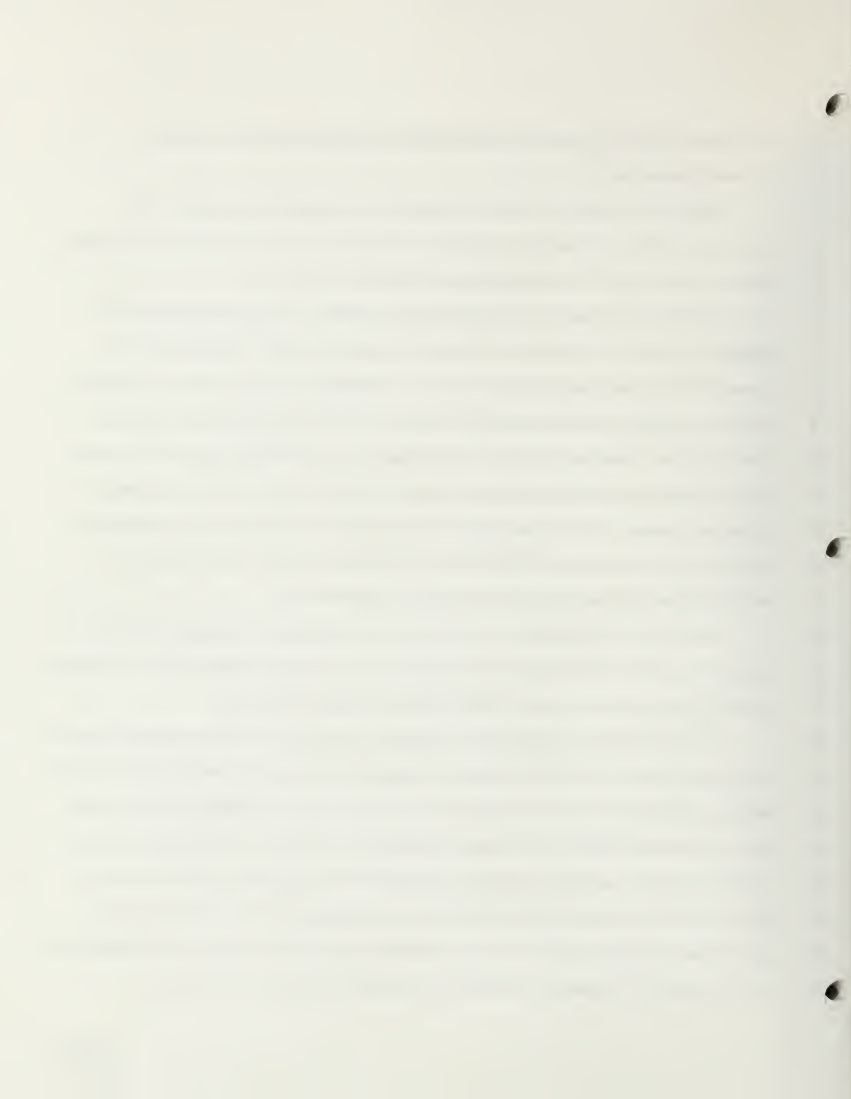
1 of the Treasure Island Community Advisory Board, conducted interviews of the two
2 responding teams; and

3 WHEREAS, On July 11, 2001, the Authority by resolution found, based on the
4 consultants' analysis and the recommendations of staff, that only TICD met each of the seven
5 criteria set forth in the RFQ for proceeding on to the RFP phase; and,

6 WHEREAS, On July 11, 2001 in that same resolution, the Authority directed the
7 Executive Director to (i) undertake a brief study to assess the relative lack of developer
8 interest in the RFQ and explore ways to improve competition for the opportunity, including by
9 having a consultant interview prospective developers that expressed interest in Treasure
10 Island but failed to respond to the RFQ, and (ii) based on the information gleaned from that
11 study, to present options to the Authority for moving forward with the primary developer
12 solicitation process, with the expectation at that time that the Authority would prepare and
13 issue some type of combined RFQ/RFP to the broader development community, while
14 recognizing that TICD had already been deemed "qualified"; and,

15 WHEREAS, On September 11, 2001, staff and the Authority's consultant, Bay Area
16 Economics, reported that simply presenting again to the development community a combined
17 RFQ/RFP would not likely result in material new developer interest; and,

18 WHEREAS, After considering the consultant's report and the recommendations of staff,
19 the Authority indicated that to best achieve the goals of the Reuse Plan and avoid significantly
20 delaying implementation of the Reuse Plan, the Authority should not prepare and issue the
21 type of combined RFQ/RFP to the broader development community contemplated in its July
22 11, 2001 resolution, but instead should (i) proceed with the original solicitation process set
23 forth in the RFQ by issuing a focused RFP to the only respondent that met the minimum
24 qualifications set forth in the RFQ, TICD, and then (ii) evaluate the content of TICD's response
25 to the focused RFP to determine whether the Authority should enter into exclusive



1 negotiations with TICD regarding the implementation of its proposal or to proceed at that time
2 with other options for soliciting prospective primary developers, including, possibly, completing
3 itself certain pre-development activities that might increase the attractiveness of the
4 development opportunity; now therefore, be it

5 RESOLVED, That the Authority hereby authorizes the Executive Director of the
6 Authority to proceed with the original solicitation process set forth in the RFQ, instead of as
7 set forth in its resolution of July 11, 2001, by preparing for the Authority's review and approval
8 a focused RFP for the redevelopment of Treasure Island to be issued to TICD.
9

10 CERTIFICATE OF SECRETARY

11 I hereby certify that I am the duly elected and acting Secretary of the Treasure
12 Island Development Authority, a California nonprofit public benefit corporation, and
13 that the above Resolution was duly adopted and approved by the Board of Directors
14 of the Authority at a properly noticed meeting on October 17, 2001.
15

16 _____
John Elberling
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Notes

AGENDA ITEM
TREASURE ISLAND DEVELOPMENT AUTHORITY
City and County of San Francisco

Subject: Request for Approval of Cooperative Agreement with the U.S. Navy for the period October 1, 2001 through September 30, 2002

Agenda Item No. 15
Meeting of October 17, 2001

Contact/Phone: Annemarie Conroy, Executive Director
Stephen Proud, Deputy Director
274-0660

SUMMARY OF PROPOSED ACTION

Authorize execution of a modification to the Cooperative Agreement with the U.S. Navy for the period October 1, 2000 through September 30, 2001 for an amount not to exceed \$145,000.

DISCUSSION

The City and the Navy entered a Cooperative Agreement (CA) in March 1997 to assist the City with the costs of caretaker services for closed naval station Treasure Island (TI) while the City and the Navy negotiated the transfer of TI to the City. The caretaker services budget established by the Navy was based on Navy costs to achieve Navy standards, not City costs to achieve City standards. The initial CA provided \$2,058,214 to the San Francisco Public Utilities Commission to address expenses related to preparations to operate and maintain TI utility services (including water, wastewater, storm water, electric and gas utility systems). There have been four subsequent modifications to the CA: October 1, 1997 through September 30, 1998 for \$4,000,000; October 1, 1998 through September 30, 1999 for \$4,000,000; October 1, 1999 through September 30, 2000 for \$2,500,000; and October 1, 2000 through September 30, 2001 for \$145,000.

The Navy had intended to stop supporting the transition of Treasure Island from the Navy to the City at the end of federal fiscal year 2001 (September 30, 2001), incorporating Navy policy to reduce funding for caretaker services as land areas under lease to the Authority increase, and land areas remaining under the Cooperative Agreement decrease. The Navy advised the Project Office that FY 2001 would be the final year of funding for caretaker services.

Acknowledging that there still are parcels of Treasure Island that will not be leased to the authority for revenue generation and the continued operation of the Navy's Caretaker Site Office (CSO) in TI Building One, the Navy, in response to lobbying by the TI Project staff, has offered to provide an additional \$145,000 to fund maintenance on TI. This sum would be used to help provide utilities to the CSO and public services to non leased areas of TI.

Pursuant to the Board of Supervisors Resolution establishing the Treasure Island Development Authority, modifications to the Cooperative Agreement must be referred to the Board of Supervisors for its approval as a contract in excess of \$1 million.



RECOMMENDATION

Staff recommend approval and authorization to send the Cooperative Agreement to the Board of Supervisors for its approval.



1 AUTHORIZING EXECUTION OF A MODIFICATION TO THE COOPERATIVE AGREEMENT
2 TO EXTEND THE AGREEMENT FOR THE PERIOD OCTOBER 1, 2001 THROUGH
3 SEPTEMBER 30, 2002, FOR AN AMOUNT NOT TO EXCEED \$145,000.

4 WHEREAS, former Naval Station Treasure Island is a military base located on
5 Treasure Island and Yerba Buena Island (together, the "Base"), which is currently owned by
6 the United States of America ("the Federal Government"); and,

7 WHEREAS, Treasure Island was selected for closure and disposition by the Base
8 Realignment and Closure Commission in 1993, acting under Public Law 101-510, and its
9 subsequent amendments; and,

10 WHEREAS, On May 2, 1997, the Board of Supervisors passed Resolution No. 380-97,
11 authorizing the Mayor's Treasure Island Project Office to establish a nonprofit public benefit
12 corporation known as the Treasure Island Development Authority (the "Authority") to act as a
13 single entity focused on the planning, redevelopment, reconstruction, rehabilitation, reuse and
14 conversion of the Base for the public interest, convenience, welfare and common benefit of
15 the inhabitants of the City and County of San Francisco; and,

16 WHEREAS, The City and County of San Francisco and the United States Navy entered
17 into a Cooperative Agreement to enable the Navy to help fund caretaker and other
18 maintenance activities that the City and subsequently the Authority would perform on behalf of
19 the Navy; and

20 WHEREAS, the Authority and the Navy wish to extend the term of the Cooperative
21 Agreement for the period October 1, 2001 through September 30, 2002 for an amount not to
22 exceed \$145,000; now therefore, be it

23 RESOLVED, That the Authority hereby authorizes the Executive Director of the Project
24 to execute a modification of the Cooperative Agreement to extend the term for the period
25



1 October 1, 2001 through September 30, 2002 for an amount not to exceed \$145,000, and to
2 forward the Agreement to the Board of Supervisors for its consideration.

3
4 **CERTIFICATE OF SECRETARY**

5 I hereby certify that I am the duly elected and acting Secretary of the Treasure
6 Island Development Authority, a California nonprofit public benefit corporation, and
7 that the above Resolution was duly adopted and approved by the Board of Directors
8 of the Authority at a properly noticed meeting on October 17, 2001.

9
10 John Elberling
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UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00014

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, in accordance with Section 701 of the General Provisions, is to extend the current FY 2001 Cooperative Agreement from 01 October 2001 to 30 September 2002 in accordance with Section 701 of the basic agreement.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the cooperative agreement, ending 30 September 2002.

The agreement will remain subject to the terms and conditions as follows:

1. The general provisions, terms and conditions of the basic cooperative agreement remain unchanged.
2. Sections 1, 2 and 3 of the Cooperative Agreement are changed to delete Functional Annexes (Annexes 3, 4 and 6), Table of Contents and Consolidated Cost Estimate, from Modification P00008 in their entirety.
3. Insert the Table of Contents, Functional Annexes (Annexes 3, 4 and 6) with their associated Technical Execution Plans, Consolidated Cost Estimate and Detailed Cost Summaries, as incorporated herein by Modification P00014 into the Cooperative Agreement.

As a result of this Modification, the total amount of the Cooperative Agreement is increased by \$145,000.00 from \$12,703,213.00 to \$12,848,213.00.

PAYMENT WILL BE MADE BY: DFAS San Diego.

ACCOUNTING AND APPROPRIATION DATA:

BT 1797XXXX0510 K900 0252 38911 0 068711 2A 000000 BT7C15610000 BT \$145,000.00



UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00013

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, in accordance with Section 701 of the General Provisions, is to extend the current FY 2000 Cooperative Agreement from 01 October 2000 to 30 September 2001 in accordance with Section 701 of the basic agreement.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the cooperative agreement, ending 30 September 2001.

The agreement will remain subject to the terms and conditions as follows:

1. The general provisions, terms and conditions of the basic cooperative agreement and all previous modifications remain the same as previously adopted.
2. Sections 1, 2 and 3 of the Cooperative Agreement are changed to delete Functional Annexes (Annexes 3, 4 and 6), Table of Contents and Consolidated Cost Estimate, from Modification P00008 in their entirety.
3. Insert the Table of Contents, Functional Annexes (Annexes 3, 4 and 6) with their associated Technical Execution Plans, Consolidated Cost Estimate and Detailed Cost Summaries, as incorporated herein by Modification P00012 into the Cooperative Agreement.

As a result of this Modification, the total amount of the Cooperative Agreement is increased by \$145,000.00 from \$12,558,213.00 to \$12,703,213.00.

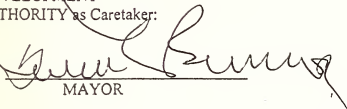
PAYMENT WILL BE MADE BY: DFAS San Diego.

ACCOUNTING AND APPROPRIATION DATA:

BS 1797XXXX0510 KQ00 0252 38111 0 068732 2A 000000 BS000R025819 \$145,000.00

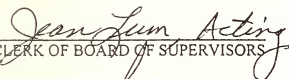


For the CITY AND COUNTY
OF SAN FRANCISCO
TREASURE ISLAND
DEVELOPMENT
AUTHORITY as Caretaker:

By: 
MAYOR

For the U.S. Navy

By: ROBERT M. GRIFFIN
Grants Officer


CLERK OF BOARD OF SUPERVISORS


ANNEMARIE CONROY
Treasure Island Development Authority Executive Director

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: 
DEPUTY CITY ATTORNEY



UNITED STATES NAVY
NAVAL FACILITIES ENGINEERING COMMAND
WASHINGTON NAVY YARD
1322 PATTERSON AVENUE SE, SUITE 1000
WASHINGTON, DC 20374-5065

COOPERATIVE AGREEMENT
NO. N62474-97-2-0003
MODIFICATION P00012

COOPERATIVE AGREEMENT

GRANTEE: CITY AND COUNTY OF SAN FRANCISCO
TREASURE ISLAND DEVELOPMENT AUTHORITY
410 PALM AVE., BLDG 1, ROOM 237
TREASURE ISLAND, SAN FRANCISCO, CA 94130

AUTHORITY: Section 2905(a)(1)(B) of Public Law 101-510

COOPERATIVE AGREEMENT MODIFICATION:

The purpose of this modification, in accordance with Section 701 of the General Provisions, is to extend the current FY 2000 Cooperative Agreement from 01 March 2001 to 31 March 2001 in accordance with Section 701 of the basic agreement. This extension shall allow the City of San Francisco time to complete the final review and approval of the comprehensive annual modification (P00013), as requested by the caretaker.

As mutually agreed herein, by both parties, the costs of extended caretaker services shall be borne exclusively of and by the caretaker, as an offset of existing revenue generating sources, present and future through the extended period of the cooperative agreement, ending 31 March 2001.

As a result of this modification, the total funded amount remains the same.



For the CITY AND COUNTY
OF SAN FRANCISCO
TREASURE ISLAND
DEVELOPMENT
AUTHORITY as Caretaker:

For the U.S. Navy

By: _____
MAYOR

By: _____
ROBERT BOYER
Grants Officer

CLERK OF BOARD OF SUPERVISORS



ANNEMARIE CONROY
Treasure Island Development Authority Executive Director

APPROVED AS TO FORM:
LOUISE H. RENNE, City Attorney

By: 
DEPUTY CITY ATTORNEY



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SECTION I

REQUIREMENTS STATEMENT

LOCATION

This agreement concerns the operations, maintenance and protection of the closed Naval Station (NS) Treasure Island. NS Treasure Island closed operationally at the end of September 1997. The term "closed Naval Station Treasure Island" refers to those areas and facilities that have not been transferred to the United States Department of Labor, United States Coast Guard, or leased to the Caretaker.

The operation and maintenance of Navy facilities that are licensed or leased to the City of San Francisco are excluded from this agreement.

GOVERNMENT FURNISHED PROPERTY, EQUIPMENT, AND MATERIAL

Government Furnished Property, Equipment and Material (GFP/GFE/GFM) is property, equipment, or material that is provided to the Caretaker to reduce the cost of this agreement or to assist the Caretaker in start-up. GFP/GFE/GFM held by the Caretaker continues to be owned by the Navy until consumed or returned. The Caretaker is responsible to provide proper care, maintenance, and security of GFP/GFE/GFM. Property, equipment, and material purchased by the Caretaker and reimbursed by the Navy is considered GFP/GFE/GFM.

ORGANIZATION

The agreement is divided into six (6) functional annexes. For ease of reading, each annex follows a standard format that is briefly described below.

1. Description

This paragraph generally defines the scope of services to be provided under the agreement.

2. Concept of Operations

This paragraph provides additional descriptions of the services, and operations and maintenance functions that are included in the annex. Standards for the services and functions are those of the service provider.

3. Technical Execution Plans (TEPs)

There is a Technical Execution Plan (TEP) appended to each annex within this document. Prior to this modification, the TEP(s) were separate documents. The TEPs are being appended to each of the functional annexes so that the result will be a fully integrated and self-contained document that is an integral part of this agreement. The OIC, Caretaker Site Office, will use these plans when developing the Navy quality assurance program.

The TEPs are management tools for both the City and the Navy. The TEPs form the technical basis for reimbursement by the Navy to the City for the work performed by the City in the process of assuming the ownership and management of Treasure Island. The City's budgets in Section III will track to the objectives of the TEPs.

The TEPs identify the method by which the Caretaker will keep the CSO informed as to job status, progress, backlog, scheduled completion dates, and work execution plans. They include a methodology for tracking and documenting reductions in workload and allowable cooperative agreement expenditures associated with leasing, licensing, or transfer of properties to the City of San Francisco or other entity.

The Caretaker will advise the Grants Administrator and the OIC, Caretaker Site Office, of significant changes to the plan.

4. Government Furnished Property/Equipment

This section, located in Functional Annex 5, refers to a list of government property and equipment that the Navy shall provide to the Caretaker for performing CA services and functions.

5. Section III, Consolidated Cost Estimate and Detailed Budget Summaries

This section contains consolidated cost estimates for the full term of the Cooperative Agreement. Costs may be reallocated among annexes with prior approval of the Navy Grants Administrator. Reallocations must occur within the term of the agreement, be within the original Cooperative Agreement scope, and not exceed the total estimated cost agreed upon in this modification for the total of all the annexes.

6. Allowability of Indirect Expenses

Article V Costs, Section 502, Advance Agreements on the Allowability of Costs, Part B of the basic cooperative agreement states "indirect costs, as such costs are defined in OMB Circular A-87, shall be unallowable". This does not mean that all indirect expenses are unallowable but that the allowability of indirect expenses will be governed by OMB Circular A-87.

TERMS AND ACRONYMS

Several terms and acronyms frequently appear in the text of the functional annexes. A list brief of these terms and acronyms follows:

Caretaker	The City of San Francisco
CA	Cooperative Agreement
CSO	The Navy Caretaker Site Office located at the closed Naval Station Treasure Island.
GFP/GFE	Government Furnished Property/Government Furnished Equipment
NS	Naval Station
SOP	Standard Operating Procedure
TIDA	Treasure Island Development Authority or Authority.
TI	Treasure Island
YBI	Yerba Buena Island

The term "closed Naval Station Treasure Island" refers to those areas and facilities that have not been transferred to the United States Department of Labor, United States Coast Guard, or leased to the Caretaker.

PART 1.A

SECURITY SERVICES

1.A.1. Description

1.A.1.1. Security services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to protect government property (facilities and personal property) and control access to the Navy owned property.

1.A.2. Concept of Operations

1.A.2.1. The Caretaker, shall provide security services as described below.

1.A.2.2. The Caretaker shall establish 24-hour security patrols ~~to~~ for the former NS Treasure Island to control access and deter unauthorized entry to or removal of Navy-owned property.

1.A.2.3. All security personnel shall wear uniforms distinguishing them as part of an official security workforce. Security vehicles shall also have distinguishing security markings.

1.A.2.4. Security personnel shall have full-time radio communication capability with each other and with the San Francisco Police Department. Security personnel shall immediately call for a Police response if they detect any indication of a crime being committed or committed previously.

1.A.2.5. Security personnel are not authorized to carry firearms.

1.A.2.6. The Caretaker shall provide all supplies and equipment necessary to perform the security service.

SECTION II
FUNCTIONAL ANNEXES
FUNCTIONAL ANNEX 1
POLICE, SECURITY, FIRE, AND EMERGENCY MEDICAL SERVICES

PART 1

LAW ENFORCEMENT SERVICES

1.1. Description

1.1.1. The Law Enforcement Services in this agreement is the same or similar to services provided by the City of San Francisco Police Department for public protection and handling of criminal offenses. Services apply to the closed Naval Station. These services include law enforcement under the jurisdiction of the court system of the County of San Francisco and the State of California. They also include police services and animal control services, as currently practiced by the City of San Francisco.

1.2. Concept of Operations

The Caretaker shall provide police services to the closed Naval Station Treasure Island in accordance with established standards of the City of San Francisco.

The Caretaker shall provide a response to all emergency and non-emergency calls for service, traffic enforcement, animal control services and other services normally provided by the San Francisco Police Department to the population of the City of San Francisco.

**TECHNICAL EXECUTION PLAN
FOR
ANNEX 1
PUBLIC SAFETY**

1. The missions of the San Francisco Police and Fire Departments, with regards to operations on Treasure Island and Yerba Buena Island (TI/YBI) are:

- a. To safeguard the well being of residents, employees and visitors to TI/YBI.
- b. To protect and insure the security of property and buildings located on TI/YBI.
- c. To interact and liaison with other local and federal government agencies located on the islands.
- d. To assist and coordinate efforts to maintain security and prevent fires on TI/YBI.
- e. To proactively meet with residents and employees of the Islands and to engage in partnership and dialogue which will form the basis of future community problem solving efforts.
- f. To protect the lives and property on TI/YBI from fire, natural disasters, hazardous materials incidents.
- g. To save lives by providing emergency medical services.
- h. To prevent fires through prevention and education programs.

Assignment of Responsibility:

Police Department: Overall, responsibility for staffing and policing of the Islands will remain with the San Francisco Police Department, Treasure Island Station. Overall, operational command of police services will be the responsibility of Captain Rich Cairns.

Fire Department: Overall, responsibility for staffing and policy in regards to the Islands will remain with the Chief of the Fire Department or their designee. Overall, operational command will be the responsibility of the Chief of the Fire Department or his designee.

Staffing and Tours of Duty:

Police Department: Police staffing of the Islands will be on a continual 24-hour, seven-day a week basis. Deployment will be as follows:

Day Watch (0600-1600): One Captain, One Sergeant, Two Patrol Officers, and One Light Duty Station Officer.

Swing Watch (1400-2400): Two Patrol Officers.

Midnight Watch (2100-0700): Two Patrol Officers.

Supervision: Units assigned to the Islands shall be under the supervision of their respective unit supervisors. Supervisors shall remain available to respond to TI and YBI as needed. Supervisors will make periodic visits to their personnel on the Islands as part of their regular supervisory responsibilities.

Fire Department: Fire Department staffing of the Islands will be on a continual 24-hour, seven-day a week basis.

Deployment is as follows: Total Fire Department personnel assigned to the Islands currently consists of One Captain, six Lieutenants and 20 Fire Fighters. In addition, the Battalion Chief of District 03 and his aide have temporarily relocated their headquarters to Treasure Island Fire Station until further orders from the Chief of the Department. Their staffing consists of 3 Battalion Chiefs and 3 Chief's Aides. Current

PART 1.B

FIRE PROTECTION/SUPPRESSION AND EMERGENCY RESPONSE SERVICES

1.B.1. Description

The Fire Protection/Suppression and Emergency Response Services, hereinafter called the "Fire Protection", includes services which involve the operation of a fire reporting communications center, fire operations, fire prevention inspections, rescue, hazardous materials first responder, emergency medical first responder, and ambulance service. Maintenance of the fire protection facilities shall be accomplished under the Building Maintenance Services Annex (Annex 4) to this agreement.

1.B.2. Concept of Operations

The Caretaker shall provide Fire Protection services to the closed Naval Station Treasure Island in accordance with established standards of the City of San Francisco.

The Caretaker and the Navy shall work cooperatively to minimize/eliminate operations and maintenance costs for Fire Protection services for those areas of the closed NS that have limited or no reuse potential.

The Caretaker shall conduct fire inspections in all Caretaker Facility Maintenance Level I, II, III, and IV facilities. The term "Levels" refers to standards established by the Navy for Caretaker Levels as described in CNO letter Ser N444B dated 6 Oct 1994 located in the CSO's office.

The Caretaker shall conduct periodic visual inspections of fire alarm systems and fire protection systems (which include automatic sprinkler systems, standpipe systems, and other extinguishing systems). Routine inspections shall be performed on operational systems. Systems that have not been certified or are presently out-of-service or lacking proper maintenance or repair shall remain out of service or shall be placed in an out-of-service status by the Caretaker. Engineered fixed extinguishing systems shall be placed in an out-of-service status in all vacant buildings.

The Caretaker shall respond to release of hazardous materials for Naval Station property, and provide initial clean-up of such releases, except for releases due to Navy operations. Hazardous materials response shall include a response to spills which affect the surrounding bay waters directly or via the storm drain system.

The Caretaker shall incorporate the closed NS into the City of San Francisco's disaster preparedness and emergency management programs.

The Caretaker shall maintain maps, records, and drawings related to the Fire Protection function as listed in Technical Exhibit 1-1. All records and maps shall be available to the Navy upon request.

The Caretaker shall attend meetings involving all major changes to the infrastructure, building occupancy and use, demolition of structures, and planned public events that impact safe occupancy limits.

daily staffing consists of 2 Officers and 4 Firefighters. They work on a 24-hour shift from 0800 to 0800. Additionally, Basic Life Support (BLS) Ambulance service has been established during 1999. Although a Battalion Chief and Chief's Aide are currently quartered at Treasure Island, they are not exclusively dedicated to the Islands. They are still responsible for their district in San Francisco that includes the Bay Bridge, Treasure Island and Yerba Buena Island. The above cited staffing levels shall be maintained, subject to the continued provision of necessary funding to support the staffing. However, minimum levels required for any San Francisco community will be maintained.

In addition to the current Fire Department staff on TI, in the case of an incident, the incident commander will have available to them any and all units of the San Francisco Fire Department including: the Fire Boat, Hazardous Materials Unit, Pollution Control Unit, Heavy Rescue Squads, Cliff Rescue, Water Rescue, Emergency Medical Service, etc. The department anticipates the assignment of one paramedic to the Islands on each watch in exchange for one firefighter on each watch in early to mid 2000.

Duties of Department:

Police Department: Upon arrival at TI/YBI, officers will meet with the off-going watch to exchange any pertinent information. Officers shall check the incident/information clipboard at the station prior to commencing patrol. Officers are responsible for the security of Island property, residents, and visitors. This entails the diligent investigation and documentation of any suspicious incidents, persons, vehicles, etc. that they encounter during their tour of duty. All incidents will be documented on incident reports, memoranda, or field interrogation cards, as appropriate. Officers will be responsible for conducting diligent patrol of the Islands unless they are engaged in investigations or report preparation at the Station. Officers will maintain a cooperative liaison with Treasure Island gate security, and respond promptly to any of their calls for assistance or back up. Officers will coordinate with the San Francisco Department of Animal Care and Control as required. Copies of all incident reports and memoranda will be maintained at the TI Station for informational purposes. Police personnel will maintain their presence on the Islands at all times. During the midnight watch, units may leave the Islands only for exigent circumstances, and with the permission of the supervisor.

Fire Department: The duties of the Fire Department will be to respond to structural fires, auto fires, trash fires, grass fires, vessel fires, medical emergencies, hazardous materials incidents, cliff rescues, water rescues, investigation of building alarms, and other emergencies on TI/YBI and the San Francisco Bay Bridge. Inspection and fire prevention programs will be administered by the Department's Bureau of Fire Prevention.

Points of Contact:

Police Department:

Commander Portoni	553-1527
Captain Cairns	984-0642 pager: 998-8487
Sergeant McCloskey	984-0645 pager: 804-5349
Officer Clyburn	984-0645
Officer Achim	
Officer Schlink	
Officer Gaan	
Officer Kosewic	
Officer Marchand	
Officer Barker	
Officer Fox	
Officer Frenkel	

Points of Contact:

Fire Department:

Emergency Number

Division 1

Firehouse Business

911

558-3501 or 558-3213

558-3248

FUNCTIONAL ANNEX 2

TELEPHONE CABLE MAINTENANCE SERVICES

2.1. Description

2.1.1. The telephone cable system for the closed Naval Station (NS) Treasure Island consists of all existing cables, conduits, connections, and terminals located throughout the base with the exception of cable plant, conduit and related infrastructure which is owned by the local service provider (providing service to housing and lodging facilities). The system is located primarily underground running through utility ducts accessible through manholes. Termination boards are located in building structures. The main termination board is located in Building 1.

2.2. Concept of Operations

2.2.1. Lease of the Telephone Cable System to the Treasure Island Development Authority: The Navy owned utility infrastructure serving former Naval Station Treasure Island, including the telephone cable system, may, subject to the prior approval of the Authority and the San Francisco Board of Supervisors, be leased to the Authority. In that event, the continued operation of the telephone cable system by the Caretaker would be subject to the provisions of that lease. Accordingly, provision of this Agreement pertaining to maintenance of the telephone cable system would be void upon execution of such a lease.

2.2.2 Operations Under This Agreement Prior to Leasing

2.2.2.1 The Caretaker, will maintain the telephone cable system in an operable condition.

2.2.2.2 The Caretaker and the Navy will work cooperatively to minimize/eliminate maintenance costs for the system that serves those areas of the closed NS with limited or no reuse potential.

2.2.2.3 The Caretaker shall conduct system maintenance and repairs necessary to provide a safe, operational telephone cable system. The Caretaker and the Navy will work cooperatively, using sound engineering judgment, to identify optimum corrective solutions for system deficiencies.

2.2.2.4 The Navy will provide a full set of maps and drawings related to the telephone system to the Caretaker. Subsequently, the Caretaker will maintain such maps and drawings and will make them available to the Navy, upon request, to provide documentation in support of system conveyance.

2.2.2.5 The Caretaker will normally provide the Navy Caretaker Site Office with a minimum of 1-week notification of scheduled service outages.

**TECHICAL EXECUTION PLAN
FOR
ANNEX 2
TELEPHONE SERVICES**

1. The following procedure is to be used by City Departments on Treasure Island/Yerba Buena Island (TI/YBI) when reporting trouble with telephone services:

- a. The Department will call (415) 550-2747 Department of Telecommunications and Information Services (DTIS) Dispatcher and report the trouble, giving as much detail as possible.
- b. DTIS Dispatcher will open a trouble ticket with Pacific Bell or dispatch a DTIS Technician to the site.
- c. Pacific Bell will close the ticket with the DTIS Dispatcher or report that the service is good to the Main Point of Entry (MPOE).
- d. Lucent Technologies will clear the trouble with the Dispatcher.

2. The following procedures will be used by non-City Entities on TI/YBI when reporting trouble with their telephone services:

- a. Client will follow their internal trouble reporting procedures.
- b. If Pacific Bell determines that the service is good to the MPOE, and a problem still exists, then Pacific Bell will contact the DTIS Dispatcher at (415)550-2747.
- c. DTIS Dispatcher will contact Lucent Technologies and open a trouble ticket for cable troubleshooting.
- d. Lucent Technologies will clear the trouble with the Dispatcher. Any charges for repairs will be passed along to the client.

3. Preventative Maintenance of cable trunks and switch gear shall be per the Cooperative Agreement. Any outstanding repairs shall be reported weekly during the Navy/City meeting.

FUNCTIONAL ANNEX 3

GROUNDS MAINTENANCE SERVICES

3.1. Description

3.1.1. Grounds maintenance services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to provide caretaker level maintenance and repair to improved grounds. The grounds maintenance function includes grass cutting, irrigation, weed control, tree trimming and removal, litter control, perimeter fence repairs, roadways, and culvert cleaning.

3.1.2. Grounds maintenance services include coverage of the entire closed NS. Grounds maintenance services shall not be provided for areas under control of the USCG, DOL, and leased or licensed property to the Caretaker.

3.2. Concept of Operations

The Caretaker shall perform grounds maintenance work to all areas on closed Naval Station Treasure Island that have not been transferred to the Department of Labor or the United States Coast Guard, and have not been leased to the Caretaker. Grounds maintenance shall be performed to two standards:

Level 2 Services

Turf Grass Mowing and Associated Cleanup: Turf areas shall be mowed an average of two times per month. Turf grass height shall be maintained between 2 inches and 4 inches at all times. Prior to mowing, all trash, papers, and other debris shall be removed from turf areas. Surface imperfections such as gopher mounds shall be leveled out. All edges along curbs, sidewalks, roadways, and other paved areas, and around light poles, hydrants, light guards, and signs shall be trimmed once per month. Tree wells shall be maintained around all trees and large shrubs growing in lawn and turf areas. All clippings shall be cleared from walkways, roadways, and other paved areas.

Trees and Shrubs: All trees and shrubs shall be pruned to provide safe passage, maintain a healthy and pleasing appearance, and prevent interference with pedestrians and vehicular traffic. Trees and shrubs shall be treated as necessary to prevent disease, fungus, and insect damage. Shrub beds shall be kept free of weeds, debris, sucker growth, and dead plant material.

Irrigation: Minimum irrigation shall be performed in a manner that promotes good appearance of landscaped areas. Irrigation shall include the watering of lawns, shrubs, trees, ground cover and containerized plants. Caretaker shall provide back-flow prevention devices approved by the San Francisco Department of Public Works on all hoses that are used for watering and all connections made to fire hydrants.

Weed control in Paved Areas: Weeds shall be removed from all asphalt and other paved areas. Herbicides shall be applied to prevent re-growth.

Policing, Debris Removal, and Storm Damage Cleanup: All maintenance areas shall be policed at least twice per month to remove debris, leaves, paper, dead limbs, bark, pine needles, etc. Debris, silt, and vegetation shall be removed from gutters, curb inlets, and gratings. Debris from storms shall be removed as soon as possible.

Playground, Sandboxes, Ball Fields, and Tennis Courts: Playgrounds, sandboxes, ball fields, and tennis courts shall be kept free of weeds and debris. Sandboxes shall be raked once a week to remove foreign objects.

Level 3 Services,

Mowing and Associated Cleanup: Grass and weeds shall be cut 12 times per year. Prior to mowing, all trash and debris, including leaves, paper and other objects within the maintenance area shall be removed. Grass/weeds shall be maintained at a uniform height of not less than 2 inches and not more than 5 inches.

Trees and Shrubs: All trees and shrubs shall be pruned as required to encourage proper health and to maintain a pleasing appearance. Any extensive pruning or "cut back" shall be accomplished in the winter or during the dormant season. Ivy and ground cover shall be kept a minimum of eight inches (8") from shrubs and trees. Shrub beds shall be kept free of weeds, debris, sucker growth, and dead plant material.

Weed Control in Paved Areas: Weed shall be removed from all asphalt and other paved areas four times per year. Herbicides shall be applied to prevent re-growth.

Policing, Debris Removal, and Storm Damage Cleanup: All maintenance areas shall be policed at least twice per month to remove debris, leaves, paper, dead limbs, bark, pine needles, etc. Debris, silt, and vegetation shall be removed from gutters, curb inlets, and gratings. Debris from storms shall be removed as soon as possible.

Playground, Sandboxes, Ball Fields, and Tennis Courts: Playgrounds, sandboxes, ball fields, and tennis courts shall be kept free of weeds and debris. Sandboxes shall be raked once a week to remove foreign objects.

Irrigation: Level 3 areas shall not include any irrigation.

3.2.2. The Caretaker shall provide a Facility Manager who shall manage all functions related to Grounds Maintenance.

3.2.3. The Caretaker shall provide Facility Inspectors who shall execute the facility inspection program in conjunction with the Navy CSO staff. The Facility Inspectors shall work directly for the Facility Manager.

3.2.4. The Caretaker and the Navy shall work cooperatively to minimize/eliminate operations and maintenance costs for grounds which have limited or no reuse potential.

3.2.5. The Caretaker shall provide all supplies and equipment necessary to perform the grounds maintenance service, except as indicated in 3.4 below.

3.2.6. The Caretaker execution workforce shall occupy and use the City Department of Public Works spaces in Public Works Department spaces in Building 325 as a local shop and storage space.

**TECHICAL EXECUTION PLAN
FOR
ANNEX 3
GROUNDS MAINTENANCE**

1. Per the contract between TIDA and Rubicon Enterprises, dated March 1999, the grounds maintenance of the Islands will be maintained in an appropriate manner. The monthly invoice for these services, under the requirements of the Cooperative Agreement, will be per Annex 5, Financial Management.
2. The Caretaker Site Office Treasure Island holds a copy of the contract, for historical and quality assurance purposes.

FUNCTIONAL ANNEX 4

BUILDING AND ROADS MAINTENANCE SERVICES

PART 1: BUILDING MAINTENANCE

4.1. Description

4.1.1. Building Maintenance Services for the closed Naval Station (NS) Treasure Island includes management, supervision, and work execution required to provide caretaker level maintenance and repair to Navy owned buildings and structures which are vacant and laid-away pending reuse. The number of facilities covered by this agreement shall decrease as buildings and land parcels are leased to the City of San Francisco for reuse. All building systems are covered by this annex, including structural systems, electrical systems, mechanical systems, roofing systems, fire suppression/alarm systems, and installed related equipment, such as elevators and hoists. Pest control within buildings is also included in this annex. The level of maintenance effort for any particular building shall be in accordance with Navy policy on facilities in layaway status (provided separately from this agreement) and the designated "caretaker level" assigned by the Navy CSO in coordination with the City of San Francisco related to reuse potential. In general, maintenance work shall be performed to a level that limits deterioration by providing a weather-tight facility secure from entry. "Improvements" to buildings in a layaway status are not allowable under this agreement.

4.1.2. This functional applies to the areas on the "Closed Naval Station Treasure Island".

4.1.3. The Caretaker shall use a portion of Building 1 and Building 225 for performance of the Building Maintenance Services function.

4.2. Concept of Operations

4.2.1. The Caretaker shall perform building maintenance work on structures in accordance with Caretaker standards and special requirements for "Historical" buildings, which will be finalized in a separate document.

4.2.2. The Caretaker shall provide a Facility Manager, who shall manage all functions related to Building Maintenance Services and Roads/Grounds Maintenance covered in Annex 5.

4.2.3. The Caretaker shall provide Facility Inspectors who will execute the facility inspection program in-conjunction with the Navy CSO staff. The Facility Inspectors shall work directly for the Facility Manager.

4.2.4. The Caretaker shall perform the majority of the work effort of this function using in-house City of San Francisco Public Works Department personnel and supervision, including both field and technical engineering support. The Caretaker may obtain specialty functional support via contract.

4.2.5. The Caretaker shall provide 24 hour, on-call, emergency response and repair capability to secure situations that threaten the property, such as broken water pipes, secondary electrical failures, significant roof leaks, etc.

4.2.6. The Caretaker shall inspect buildings according to established schedules to identify required building maintenance work. The Caretaker shall order required work for accomplishment by in-house personnel or contract.

4.2.7. The Caretaker shall maintain buildings in a manner that is safe to the general public, including those occupied by the Navy (portion of Building 1 and Building 570). The Caretaker will provide all supplies and equipment necessary to perform building maintenance services.

4.2.8. The Caretaker shall pickup, store and dispose of any abandoned waste on the closed NS Treasure Island, including YBI, per applicable regulations. This does not include waste generated by Navy environmental remediation work.

The Caretaker shall properly store all Hazardous Materials and Hazardous Waste it handles, other than such materials and waste generated by Navy operations. The Caretaker shall not use the Navy's Hazardous Waste Generator Identification number for disposal of Hazardous Materials and Hazardous Waste not generated by Navy operations.

PART 2: ROADS MAINTENANCE

4.A.1. Description

4.A.1.1. Road services includes management, supervision, and work execution required to provide maintenance and repair to paved roadways at a level not less than Caretaker's standards for the City. The roads maintenance function includes asphalt repair, concrete repair, street striping, street sweeping, roadway above ground culvert cleaning, traffic signage repair, and sidewalk repairs.

4.A.1.2. Roads maintenance services include coverage of the entire closed NS. Roads maintenance services shall not be provided for areas under control of the USCG, DOL, and leased or licensed property under this agreement.

4.A.2. Concept of Operation

4.A.2.1. The Caretaker shall perform roads maintenance work on the entire closed base in accordance with City standards in two levels:

Level A is the standard level of maintenance used for areas with public access and active interim reuse in the local area.

Level B is the level of maintenance used in areas of little to no public access with no interim reuse in the local area.

4.A.2.2. The Caretaker shall provide a Facility Manager who shall manage all functions related to Roads Maintenance and Building Maintenance.

4.A.2.3. The Caretaker shall provide Facility Inspectors who shall execute the facility inspection program in conjunction with the Navy CSO staff. The Facility Inspectors shall work directly for the Facility Manager.

4.A.2.4. The Caretaker shall work cooperatively with the Navy CSO staff in the execution of work associated with this functional.

4.A.2.5. The Caretaker shall perform the majority of the work effort of this functional using contracted support through the City Public Works Department.

4.A.2.6. The Caretaker and the Navy shall work cooperatively to minimize/eliminate operations and maintenance costs for roads which serves those areas of the closed NS that have limited or no reuse potential.

4.A.2.7. The Caretaker shall pickup, store and dispose of any abandoned waste on the closed NS Treasure Island, including YBI, per applicable regulations. This does not include waste generated by Navy environmental remediation work.

The Caretaker shall properly store all Hazardous Materials and Hazardous Waste it handles, other than such materials and waste generated by Navy operations. The Caretaker shall not use the Navy's Hazardous Waste Generator Identification number for disposal of Hazardous Materials and Hazardous Waste not generated by Navy operations.

The Caretaker shall provide all supplies and equipment necessary to perform the building maintenance and roads maintenance service.

4.A.2.8. The Caretaker execution workforce shall occupy and use the City Department of Public Works spaces in Public Works Department spaces in Building 225 as a local shop and storage space.

**TECHNICAL EXECUTION PLAN
FOR
ANNEX 4
BUILDING AND ROADS MAINTENANCE**

1. Purpose

This document provides operational procedures for the management of maintenance and repairs to roads and facility structures on Treasure Island (TI) and Yerba Buena Island (YBI). Included are responsibilities for furnishing professional engineering support services, and the management of the Plan Room located in Building one. This plan is a working document and may be changed, altered, amended or revised due to actual field conditions, circumstances or mutual agreement.

2. Work Execution for Buildings and Roads Maintenance

Offices and Work Spaces: Office space in Building 1 is the Department of Public Works (DPW) base of operations, office space and contact point with other agencies, departments and civilians. The fenced, lockable and paved area surrounding building 225 (auto/hobby shop) is currently being used by DPW to store vehicles and equipment. Building 225 itself is used for storage, repair, and a staging area and as auxiliary offices.

Employee Assignment: Line and or staff personnel are assigned to fulfill the DPW duties and responsibilities at Treasure Island in the most economical and efficient way possible. Therefore, the on site DPW personnel will confine their role to Cooperative Agreement responsibilities except as specifically requested and funded by the Office of the Mayor's Treasure Island Project.

On site personnel will be assigned from but not limited to Stationary Engineers or other crafts and personnel. All assigned or dispatched personnel will be journey level craft persons, construction laborers, custodial personnel, or an appropriate level manager or supervisor.

Regular Inspection and Maintenance of Facilities Covered by the Cooperative Agreement: Regular inspections will be conducted along with routine maintenance by on-site staff or assigned craft personnel as required to maintain those structures mutually agreed upon by the U. S. Navy and the City under the Cooperative Agreement. Major repairs when and if authorized will be assigned to the Bureau of Building Repair, DPW Craft Shop or contracted out. Maintenance and repair of alarm systems, fire suppression systems, roofing, elevators, hoists and other specialized systems will be contracted out to private vendors as deemed appropriate by DPW.

Levels of inspection and maintenance undertaken and performed will be determined by the lay up levels [lay up levels are synonymous with maintenance levels as used here] as specified in CNO letter Ser N444B dated 6 Oct 1994. Inspection and repairs performed will follow guidelines in the referenced Building Repair caretaker Maintenance Schedule. Any disagreements on interpretation by DPW of actual levels or condition encountered or recorded should be reduced to writing and presented to the City and County by the Navy for discussion, interpretation and mutual decision. City and DPW interpretations will prevail and be undertaken unless specific disagreement are brought to their attention and agreed to by the City.

Tenant Occupied and Non-Cooperative Agreement Facility Maintenance and Repair: Tenants (private or public) of facilities and other departments may contract with the Bureau of Building Repair, DPW for facility management or repair services through Interdepartmental Work Orders. All work order services will be completed expeditiously and according to prevailing industry standards. Scheduling of regular or one-time repair will be at the availability of materials and personnel. Emergencies involving life, health or safety issues will receive priority status.

Street and Grounds Maintenance: The Bureau of Building Repair will maintain liaison with those DPW entities responsible for street and grounds maintenance at the Treasure Island/Yerba Buena site. The Bureaus of Street Environmental Services and Street Repair will report to Building Repair on conditions, regular schedules of work, and problems that arise from these areas. The Bureaus will report, through appropriate channels, on a regularly basis to the Navy. Both Street Environmental Services and Street Repair will maintain complete records of all work, repairs and costs. Regular street cleaning undertaken by the Bureau of Street Environmental Services will be confined and specifically limited to regular mechanical sweeping of paved streets covered by the Cooperative Agreement but not those covered by a lease or license agreement. Repair and maintenance of streets by the Bureau of Street Repair will be confined to those paved streets covered by the Cooperative Agreement but not those covered by a lease or license. Actual repairs will be confined to reasonable repairs or emergency backfill after notification of a problem or circumstance. Resurfacing of streets by the Bureau of Street Repair will be done with prior approval by the Navy.

2B. Work Execution for Professional Engineering and Plan Room Services

DPW will provide engineering support as required for the proper maintenance and repairs of the roads and facility structures on TI and YBI. Engineering support will include DPW coordination efforts with other City agencies, and technical expertise involving the civil, electrical, mechanical, structural, architectural, and landscape architectural fields.

Plan Room management will be established to facilitate retrieving plans previously organized by the Navy. DPW does not intend to have full-time staff stationed at TI to provide Plan Room related services. However, DPW through its Bureau of Engineering will dispatch personnel to TI to provide Plan Room related services on an as-needed basis. Procedures will be implemented to provide documents to requesters timely.

Reproduction equipment turned over by the Navy is limited to small-scale reproductions only. Reproduction equipment does not include copying or enlarging capabilities. DPW will implement procedures to use reproduction services provided by an outside vendor. To recoup reproduction costs which are not charged to the Navy, DPW intends to charge a flat fee of \$5.00 per sheet (irrespective of drawing size) when such outside reproduction services are utilized. Payment shall be by check made payable to DPW, and shall be due at the time of document pickup.

To properly manage control of the Plan Room, access will be limited to only DPW personnel. All requests for plans and reports shall be directed to (415)558-4061 or (415)558-4067.

3. Reporting Procedures

The Mayor's Office and the Navy will schedule regular meetings on site. The purpose of these meetings will be to:

- ☐ report on the previous work and events
- ☐ report on special work scheduled for the next period of time
- ☐ report on grounds and streets as appropriate
- ☐ advise the Navy and Mayor's Office of possible future problems

Records of all inspections, deficiencies noted, and corrections made will be recorded and available for review by the Navy upon request and sufficient notice. A log of all Plan Room requests received will be provided to the Navy on a monthly basis.

Around the clock emergency response will be available through the Department of Public Works. During normal business hours, calls should be placed to the Bureau of Building Repair personnel stationed at Treasure Island either at their offices or pager numbers. If Building Repair personnel are not immediately available at the Naval Station, a Project Coordinator at our Bureau offices at Telephone (415) 695-2030 can be contacted for assistance. Emergency calls after hours, on weekends and holidays should be placed to the Department of Public Works Emergency Hotline at (415) 695-2020. Requests for assistance through the Department's Hotline will be directed 7-days a week to the appropriate Operations bureau or other entity.

4. Allocability and Voucher Preparation

An existing computerized system will be utilized to track costs for both labor and materials. Costs for work covered under the Cooperative Agreement will be encumbered and charged against Mayor's Office funds that have been work ordered to the Department of Public Works through the City Work Order system. Those Navy funds allocated to the Department of Public Works for work undertaken under the Cooperative Agreement will have a single identifying Job Order Number. All work performed under the Cooperative Agreement will be charged to and identified by this number. Non-Cooperative Agreement work requested by the Mayor's Office Treasure Island Project will be charged and identified by a different and separate Job Order Number provided by the Mayor's Office. The Department of Public Works will, in general, defer the interpretation of, direction to perform and responsibility for deciding whether any particular work, job or project should be charged against funds encumbered for Cooperative Agreement work to the Mayor's Office Treasure Island. Work requested by and performed for other City departments or other entities at the closed Naval Station will be charged to and identified by separate Job Order Numbers.

In cases of life, health or safety, only remedial repairs or procedures to alleviate an immediate threat will be undertaken without prior approval.

5. Animal and Pest Control

Any animal or pest control problem mutually considered by the Navy and the City to be covered by the Cooperative Agreement will be referred to private vendors as approved by the City or deemed appropriate by the Department of Public Works. Pest Control services will be conducted in accordance with the Integrated Pest Management Policy adopted by the City and attached.

6. Recall List

A limited, current and updated telephone list will be provided to the U. S. Navy and the Mayor's Office Treasure Island Project staff. The Mayor's Office, Navy and tenants are directed to use the Department of Public Works Emergency Hotline at Telephone (415) 695-2020 to obtain assistance or request off hour response of DPW personnel.

Vehicle Logistics

1. Purpose

The purpose of this section is to delineate the conditions, locations, and maintenance of Navy vehicles assigned to the Department of Public Works.

2. Vehicle Use and Assignment

The Navy assigned vehicles to the Department of Public Works, Bureau of Building Repair. These are used by on-site personnel and shops located within the City to transport personnel and materials to, from and around Treasure Island. In order to utilize, maintain, and fuel these vehicles, however, it is necessary to park the vehicles at various San Francisco Public Works locations for periods of time up to several days depending on servicing requirements and staffing availability.

The vehicles not assigned to a specific shop serving Treasure Island will be stored inside the locked enclosure surrounding Building 225 (Auto Hobby Shop).

3. Department of Public Works Responsibilities

DPW assumes primary responsibility for performing regular vehicle maintenance and repairs. All service and fueling will be accomplished through the City Purchaser's Central Shops, funded through the Mayor's Office to DPW for the Treasure Island Project. In addition, vehicles assigned to DPW will have a number assigned and placed on vehicle front doors along with a City Seal. Navy identifying numbers and lettering will be retained through the course of this agreement.

4. General Conditions of Use

Vehicles will in general be reserved for service of the closed Naval Station facilities. The Department reserves the right to substitute City owned vehicles for servicing Treasure Island if maintenance, equipment, or scheduling requirements so indicate.

FUNCTIONAL ANNEX 5

PERSONAL PROPERTY MANAGEMENT AND COOPERATIVE AGREEMENT SERVICES

5.0 Personal Property Management

5.1. Description

5.1.1. The Personal Property Management Service for the closed NS Treasure Island includes the management and work execution resources necessary to maintain accountability for government owned personal property remaining at the closed base. The personal property is grouped into several broad categories, including property staged for reuse, property issued for reuse, property issued to the Caretaker to support the cooperative agreement, and property retained by the Navy to support CSO operations.

5.1.2. The personal property is stored in various locations throughout the closed NS. Items with a value of greater than \$5,000 are inventoried and listed individually in a personal property database developed by the Navy. Items of less than \$5,000 are in bulk inventory and listed by bulk line item in the database.

5.2. Concept of Operations

5.2.1. The Caretaker will provide a Personal Property Manager who will manage all functions related to the control and accountability of all remaining government owned personal property, including storage, security, inventory, issue/receipt, and data base maintenance.

5.2.2. The Caretaker will cooperate with the Navy CSO staff in the execution of work associated with this function.

5.3. Government Furnished Property/Equipment (see the Technical Exhibits section to this annex)

5.3.1. The Caretaker shall manage and update changes to the GFP/GFE Technical Exhibits and submit updated copies to the Navy for review.

FUNCTIONAL ANNEX 5.A

COOPERATIVE AGREEMENT MANAGEMENT

5.A. Cooperative Agreement Management

5.A.1. Description

5.A.1.1. The Cooperative Agreement Management function has six primary purposes:

provide dedicated, over-arching execution management of the entire agreement, coordinating execution among Police, Fire, Public Works, City support staff, and City contractors (including utility companies) providing support to this agreement.

- a. coordinate directly as one component of a three-part management team with both the local Navy Engineering Field Activity West (EFA West) representatives and City of San Francisco staff.
- b. provide resources for City general and administrative (G&A) costs incurred by the City in support of this agreement, including senior City management support, personnel administration, legal counsel, information systems support, contracting support, and financial management support.
- c. provide dedicated information system capability to construct and maintain a bridge from Navy controlled information to City controlled information.
- d. provide dedicated financial management capability to ensure all Caretaker costs that are allowable and allocable to this agreement are captured.
- e. provide dedicated management of plan and blueprint inventory, distribution, and copying of repository located in room 14A of Building I.

5.A.2. Concept of Operations

5.A.2.1. The Caretaker shall provide a Cooperative Agreement (CA) Manager to lead and manage the City's efforts under this agreement. This CA manager shall coordinate directly with the Director of City of San Francisco Treasure Island Project Staff, the Director of Public Works, the Chief of Police, the Chief of Fire Department, and other City staff members. The CA Manager shall be the City's primary point of contact to the Navy on all matters related to this agreement.

5.A.2.2. The CA Manager shall participate in the development of the full range of functional management plans. The CA Manager shall ensure the functional management plans are carefully developed and submitted for Navy approval by the dates required.

5.A.2.3. The CA Manager shall maintain important data, records, maps, and drawings related to the closed Naval Station.

5.A.2.4. The Caretaker shall establish and maintain appropriate accounting records required to satisfy applicable Federal audit requirements and as backup information for invoices provided to the Navy for payment.

5.A.2.5. The CA Manager and staff shall work cooperatively with the Navy and City of San Francisco staff to develop integrated management processes to ensure effective and efficient use of resources.

5.A.2.6. The CA Management staff shall collocate with the Navy CSO in Building 1 on the closed NS.

5.A.3. Invoice Verification Procedures

5.A.3.1. Quality Assurance Inspections

5.A.3.1.1 The Caretaker shall provide a copy, upon request, of the Caretaker work order listing for all work ordered under the Cooperative Agreement to the CSO OIC.

5.A.3.1.2 The CSO OIC or his designated representative will annotate the work order listing showing the projects, scheduled for completion during the current month, that will be inspected. The listing will then be returned to Caretaker.

5.A.3.1.3. The CSO OIC or his designated representative shall conduct inspections documenting findings using an Inspection Form, and file this form in the monthly invoice verification file for the current month located in the CSO Cooperative Agreement files.

5.A.3.2. Invoice Verification

5.A.3.2.1. The Caretaker shall provide copies of both the *Monthly Expenditure Summary Report* and the detailed *Cooperative Agreement Monthly Reports* to the CSO OIC as soon after their publication as possible (generally the second week of month following the report period). The *Monthly Expenditure Summary Report* is a report prepared by the Caretaker that provides a summary of the current FY budget, direct and indirect costs expended during the month, total monthly costs, cumulative annual costs, FY balance, percent of budget expended and previous month cumulative costs for each budget line item. The detailed *Cooperative Agreement Monthly Report* is a report prepared by the Caretaker which summarizes costs by Work Order No., function charged (or type work accomplished), employee no., date charged, and labor, material, equipment, contract costs, and total costs.

5.A.3.2.2. The CSO OIC or his designated representative will review these reports, applicable Work Request Authorizations, and all inspection reports.

5.A.3.2.3. If no questioned or disallowed costs are noted, the CSO OIC or his designated representative shall forward the invoice (Standard Form 1034 and Standard Form 1035A) to the Grants Administrator for processing of payment. The CSO OIC shall also complete a copy of the Invoice Verification Memorandum and forward this memorandum to the Grants Administrator.

5.A.3.2.4. For any questioned or disallowed costs, the CSO OIC will schedule a meeting with Caretaker to review and reconcile the disputed costs. The meeting will be scheduled to occur within five working days of receipt of Monthly Expenditure Summary Report and the detailed Cooperative Agreement Monthly Report.

5.A.3.2.5. During the meeting outlined above, the CSO OIC, and/or his designated representative, and Caretaker will reconcile all problem areas found by the CSO OIC during the review. The Caretaker will take informal meeting minutes indicating agreed upon changes and disputes and provide a copy to the CSO OIC. The Caretaker will make any agreed upon corrections and resubmit a corrected copy of the monthly expenditure summary to the CSO OIC within two working days of the meeting.

5.A.3.2.6. Immediately upon resubmittal of the corrected copy of the Monthly Expenditure Report, the CSO OIC shall submit the invoice (Standard Form 1034 and Standard Form 1035A) to the Grants Administrator for payment.

5.A.3.2.7. Where Agreement cannot be reached between the parties with regards to the contents of the invoice, the disagreement will be noted and dispute remedied as stipulated under Article X of the Cooperative Agreement.

Copies of all documentation referenced above shall be filed in the CSO invoice verification file.

**TECHICAL EXECUTION PLAN
FOR
ANNEX 5
FINANCIAL & PERSONAL PROPERTY MANAGEMENT PLAN**

FINANCIAL MANAGEMENT PLAN

This Technical Execution Plan (TEP) for Financial Management will guide the allocation of expenses reimbursable under the Cooperative Agreement between the Treasure Island Development Authority (Authority) and the U.S. Navy and expenses that are not reimbursable under the Cooperative Agreement.

The Authority and the Navy entered a Cooperative Agreement (CA) to assist the Authority with the maintenance of the facilities and infrastructure of the former Naval Base Treasure Island (which includes the portions of both Treasure Island and Yerba Buena Island owned by the Navy) on behalf of the Navy; while the Authority and the Navy negotiate the conveyance of the former Navy base TI. The CA establishes six categories of activities or functions, the Authority will perform for the Navy, as well as a budget for each, as summarized in Table 1, "Cooperative Agreement Services". Additionally, the Authority has leased from the Navy various TI buildings and facilities for interim uses during the negotiation period. The expenses the Authority incurs to maintain and operate buildings and facilities it leases are excluded from reimbursement under the CA.

The Authority established Index Code 210029 to account for the services it performs which are potentially reimbursable for the period 01 October 2000 through 30 September 2001. The Authority may incur expenses which are greater than the amounts shown in Table 3, CA Invoice Schedule, however, the Navy will not reimburse the Authority for amounts greater than shown in Table 3.

Expenses not reimbursable under the CA will be charged to other Index Codes based on the location and activities the Authority is authorized to undertake through its leases with the Navy. These Index Codes are summarized in Table 2, "Treasure Island Development Authority Budget Summary by Index Code". Note that the expenses the Authority incurs to maintain and operate buildings and facilities it leases are excluded from reimbursement under the CA.

The Authority will bill the Navy monthly for expenses incurred under the Cooperative Agreement. For all functions the Authority will bill at the rate of 1/12 of the agreed maximum annual expense and summarized in Table 3.

Table 1: COOPERATIVE AGREEMENT SERVICES

Functional Annex	Description	Index Code 210011 Budget
1	Public Safety (Police, Fire, Security, Emergency Medical)	\$0
2	Telephone Cable Maintenance	\$0
3	Grounds Maintenance	\$55,000.00
4	Building and Roads Maintenance Services	\$25,000.00
5	CA & Personal Property Management	\$0
6	Utility Services & Maintenance	\$65,000
	TOTAL	\$145,000

Table 2: TIDA BUDGET SUMMARY BY INDEX CODE

Index Code	Description	Budget
210009	Treasure Island Administration	\$
210016	Treasure Island Special Events	\$
210017	Yerba Buena Island Special Events	\$
210018	TI Film Studio & Commercials Rentals	\$
210019	TI Film Permits	\$0
210020	YBI Film Permits	\$0
210021	TI Marina	\$
210022	TI Housing	\$0
210023	YBI Housing	\$0
210010	Federal OEA & EDA Grants	\$0
210011	TIDA/Navy Cooperative Agreement	\$145,000.00
210012	State of California Grants	\$0
	TOTAL	\$

Table 3: CA INVOICE SCHEDULE

Functional Annex	Annual Budget	Monthly Invoice
1-Public Safety	\$0.00	\$0.00
2-Telephone Cable Maintenance	\$0.00	\$0.00
3-Grounds Maintenance	\$55,000.00	\$4,583.33
4- Building and Roads Maintenance Services	\$25,000.00	\$2,083.33
5-CA & Personal Property Management	\$0.00	\$0.00
6-Utility Services	\$65,000.00	\$5,416.67
TOTAL	\$145,000.00	\$12,083.33

PERSONAL PROPERTY MANAGEMENT PLAN

The Treasure Island Development Authority (TIDA) Project office will provide property management services in a cooperative effort with the CSO until the ultimate conveyance of all property to the City.

A master list of all property issued for re-use and property issued to the caretaker for support of the Cooperative Agreement shall be maintained by the TIDA Project Office in both hard copy and electronic form. The TIDA Project Office will make weekly backups of its data bases.

Property will be requested on a standard form from a City department. The request will flow through the Facilities Manager, the TIDA Executive Director, and the CSO. The Facilities Manager will distribute the property if the request is approved at each level.

The control, inventory, accountability and responsibility to maintain the assigned property shall be the responsibility of the department receiving the property. The receiving department shall be responsible for maintaining the property to City department standards. All City departments that receive property shall maintain it in proper working order for its expected life. All vehicles and equipment received will be surveyed annually and their condition report forwarded to the Facilities Manager and CSO. All surplus property will be disposed of in timely fashion in a way that meets with the CSO's approval. The City Departments shall be responsible for the disposal of property assigned to them.

Technical Exhibit 1-1
Public Safety (Fire Protection and Emergency Services)
Documentation
RECORD KEEPING SERVICES

Records, documentation, recorded or documented instructions and record keeping systems: Fire department recorders, documentation, instructions, reference, training materials, and their systems will include but not be limited to:

- a) Fire prevention records, documentation, instructions, reference and training materials.
- b) Fire suppression records, documentation, instructions, reference and training materials.
- c) Hazardous materials records, documentation, instructions, reference and training materials.
- d) Emergency/Medical services records, documentation, instructions, reference and training materials.
- e) Fire alarm maintenance records, documentation, instructions, and reference materials.
- f) Fire Department communications equipment maintenance records, documentation, instructions, and reference materials.
- g) Water system maintenance records, instructions and reference materials.
- h) Vehicle maintenance records, instructions, and reference materials.
- i) Fire fighting equipment maintenance records, instructions, reference and training materials.
- j) Disaster preparedness records, documentation, instructions, reference and training materials.
- k) Training records and documentation.
- l) Response records and documentation.
- m) Utility back-up systems records, documentation, instructions, reference and training materials.
- n) Records, and documentation relating to construction, utilities, seismic studies, hazardous material abatement, remodeling and/or retrofitting, and layout.

Technical Exhibit 1-2
Public Safety (Police and Security Services)
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 1-3
Public Safety (Fire Department)
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 2-1
Telephone Cable Maintenance Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 3-1
Grounds Maintenance Services
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 4-1
Building Maintenance Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 4-2
Roads Maintenance Services
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 5-1
Personal Property Management Services
Government Furnished Property

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 5-2
Cooperative Agreement Management Services
Government Furnished Property

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-1
Utilities Services
Government Furnished Property/Equipment

The following property of the Government shall be used by the Caretaker in the implementation of this function:

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Electrical Power Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Water Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Sanitary Sewer Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Natural Gas Services
Government Furnished Property and Equipment

Provided under separate cover to TIDA, due to database size and format.

Technical Exhibit 6-2
Storm Water Control Services
List of Government Facilities

Provided under separate cover to TIDA, due to database size and format.

FUNCTIONAL ANNEX 6

UTILITIES SERVICES

6.1. Description

6.1.1. The Utilities Services function provides for maintenance and operation of electric, natural gas, sanitary sewer, sewage treatment and storm sewer systems by the Caretaker as well as for establishment of rates and collection of revenue to offset operating costs.

6.1.2 The Caretaker may use Building 264 and storage lot 292 at Treasure Island for performance of the Utilities Services function.

6.2 Concept of Operations

6.2.1. Lease of Utility Systems to the Treasure Island Development Authority: It is the intent of the Caretaker to enter into a lease for Navy owned utility systems serving Naval Station Treasure by the signing of EDC/LIFOC for the property. Prior to execution of the planned lease, and within the term of this agreement, the Caretaker will operate utility systems in accordance with requirements of this Annex and of the Technical Execution Plan for Utilities Management which is attached to and made part of this agreement. After execution of the lease, provisions of this agreement pertaining to utilities operations will be extinguished and requirements of the lease will prevail.

6.2.2 Assumption of Environmental and Operating Permits by the Caretaker: The Caretaker agrees to cooperate with the Navy and regulators to support the timely transfer of the permits required for the continuing operations of the Caretaker. This includes updating the permits to provide the organizational name(s) of the current operators for purposes of reporting required under the permits. The Caretaker will operate utilities in conformance with applicable permits and will perform regular monitoring and reporting required by these permits. All responses (written or oral) to violations or operations outside the permit limits will be brought to the immediate attention of the Navy, however, the responsibility to operate within the permit limits rests with the Caretaker. Specific schedules for transfer of the below listed permits shall be included in the EDC MOA, LIFOC and any other leases entered into by the Navy and the Caretaker.

- State of Calif. – Health and Welfare Agency, Water Supply Permit No. 02-04-06P-3310702
- BAAQMD Permit to Operate Air Emissions Sources for Plant # 479
- RWQCB NPDES General Storm Water Permit No. CAS000001 for Facility WDID No. 238S012149
- RWQCB NPDES Waste Water Treatment Plant Permit No. CA0110116 Operations Under This Agreement Prior to Leasing
- California Department of Public Works Permit S.F.O.B.B. #16 of 22 November 1944

6.2.3 Operations

6.2.3.1 The Caretaker will operate and maintain utility systems at Treasure Island and Yerba Buena Island, as described in the applicable Technical Execution Plan (see paragraph 6.2.3.3), including electric,

natural gas, water, sanitary sewer, storm sewer and sewage treatment systems. The Caretaker will defray associated costs through revenue generated by charging uniform rates established by the Caretaker.

6.2.3.2 All storage and handling of materials and equipment necessary for utility maintenance shall be done in accordance with the Treasure Island Storm Water Pollution Prevention Plan.

6.2.3.3 The Technical Execution Plan (TEP) for this annex is attached and made part of this agreement. The Caretaker agrees to conform to the requirements and guidelines of the TEP that defines the extent of Caretaker responsibility for utilities operations as well as specific operating procedures.

6.2.4 **Purchase of Utility Commodities:** The Caretaker will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base. The Caretaker remains responsible per modification P00009 of this agreement, and agrees to make payment for back-up electrical power delivered to Treasure Island under Navy contract during fiscal year 1999. Payment will be made by the Caretaker directly to the Pacific Gas and Electric Co. upon submission of invoices by that company to the Navy.

6.2.5 **Recovering Funds for Consumption by the Navy:** Consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and the Caretaker. Estimated Navy consumption is itemized in figure 6-1. Total annual charges will not exceed \$48,139.92 annually or \$4,011.66 per month.

6.2.5. System Extension and Provision of New Service

6.2.5.1. **New Services Requested by the Navy and other Federal Users:** Subject to the availability of funds for such purpose, the Caretaker will provide any extension or alteration of systems along with any metering or service connections requested by the Navy or as concurred to by the Navy for other Federal users on the base. The Caretaker will recover costs for such work for other Federal users directly from the *benefiting* agency. Costs incurred for any such work requested by and executed for the Navy will be reimbursed via the provisions of this agreement or by amendment of this agreement as may be required.

6.2.5.2. **New Services Required by Lessees or Licensees:** The Caretaker may also provide system extensions and alterations along with metering and service connections required to fully and exclusively meter use of water, electricity and natural gas within any premises which may be under license or lease from the Navy during the term of this agreement. Costs for any such work will be recovered by the Caretaker directly from the benefiting Lessee or Licensee and will not be charged to the Navy.

Annex 6, Figure 6-1
Navy Liability for Utilities Consumption
September 99

notes	use	Consumption chargeable monthly	rate	monthly cost	annual cost
[1]	Electricity for CSO (B's 1 and 570)	24 MWH	\$121.34	\$ 2,912.16	\$ 34,945.92
[2]	Natural gas for CSO (B's 1 and 570)	197 MCF	\$ 5.10	\$ 1,004.70	\$ 12,056.40
[3]	Water for CSO	10 KGAL	\$ 4.59	\$ 45.90	\$ 550.80
[4]	Sewer for CSO	10 KGAL	\$ 4.89	\$ 48.90	\$ 586.80
Totals				\$4,011.66	\$48,139.92

Notes:

- [1] B's 1 & 570 = 10w / sq ft x 9,000 sq ft, 12 hrs per day, 22 days per month = 24 MWH / month.
- [2] 30 btu's / sq ft / hr x 9,000 sq ft, 24 hrs per day 365 days per year
- [3] 30 GPD / person, 22 days per month assuming average staff including contractors of 15.
- [4] equal to domestic water consumption by CSO

TECHNICAL EXECUTION PLAN UTILITIES MANAGEMENT

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TECHNICAL EXECUTION PLAN UTILITIES MANAGEMENT

Ref : (a) Cooperative Agreement between the City and County of San Francisco and the U.S. Navy, N62474-97-2-0003, Mod P00012 (period of 01 October 2001 through 30 September 2001)

1.0 Purpose

This document provides general operational procedures for the management of the electric, water, natural gas, and sewer systems on Treasure Island (TI) and Yerba Buena Island (YBI).

2.0 Background (Not used)

3.0 Systems Definitions, Extent of Caretaker Responsibility for Utilities Distribution

The physical extent of each utility system that will be maintained by the Caretaker is as described below. These descriptions apply to all elements of systems on Treasure Island and Yerba Buena Island and water and electric systems deriving in Emeryville and Oakland respectively with the exception of elements of systems serving the U.S. Coast Guard on Yerba Buena island which are beyond designated service points and within the boundaries of Coast Guard owned property. The Caretaker will establish responsibilities within the Coast Guard boundaries through direct negotiations with the Coast Guard.

3.1 Water System: Facilities that are operated and maintained by the Caretaker under the Cooperative agreement consist of the existing water delivery facilities at NAVSTA TI/YBI including:

3.1.1 Supply and delivery pipelines, originating at the supply points for NAVSTA TI/YBI from San Francisco City Distribution System and from the East Bay Municipal Utility District (EBMUD). The Caretaker agrees to conform to all requirements of California Department of Transportation S.F.O.B.B. Permit No. 16 Dated 22 November 1944 as it pertains to operation of the pipeline originating at the East Bay Municipal Utility District service point in Emeryville to the last (upstream) point of attachment of the Bay Bridge on YBI.

3.1.2 Water storage facilities

3.1.3 Water pumping and chlorinating stations

3.1.4 The water pumping station located in pier E23 of the east span of the San Francisco Bay Bridge.

3.1.5 All supply lines that cross through or under any leased or non-leased building for facility that do not serve that building or facility.

3.1.6 For metered buildings and facilities, the Caretaker responsibility ends at the first valve or meter upstream of the building or facility.

3.1.5 For buildings and Facilities that are not metered, the Caretaker responsibility will include all supply lines and water system facilities up to five (5) feet from any building or facility.

3.2 Sanitary Sewer System: Facilities which are operated and maintained by the Caretaker consist of the existing sanitary sewer collection and pumping facilities at NAVSTA TI/YBI, including:

3.2.1 Waste water treatment plant including all facilities within the perimeter fence of the plant and including all piping and appurtenant facilities to the point of discharge to San Francisco Bay.

3.2.2 Waste water-pumping stations

3.2.3 Mainline sewers

3.2.4 Forced mains

3.2.5 Collection and service sewers to the limit of lease holding for leased facilities.

3.2.6 For buildings and facilities which are not leased or otherwise occupied, or which are in use by the Navy or Navy Customers; Collection and service sewers to either [a] the last cleanout upstream of the mainline sewer along the service to the building or facility, or [b] a point five (5) feet from the foundation of the building or facility.

3.3 Storm Water System: Facilities which are operated and maintained by the Caretaker consist of the existing storm water collection and discharge facilities at NAVSTA TI/YBI, including:

3.3.1 Storm water collections system from the transition structure of surface flow entering the below surface piping (including drop inlets and other collection structures). Surface and street flows are not included.

3.3.2 Storm water-pumping stations

3.3.3 Storm water outfalls

3.4 Natural Gas System: Natural gas is delivered to NAVSTA TI/YBI by a supply line owned by the Pacific Gas and Electric Co. (PG&E). PG&E also owns and operates the main meters and pressure reducing stations at the point of delivery. The responsibility of the Caretaker is for all facilities downstream of PG&E facilities including:

3.4.1 Supply and delivery pipeline downstream of the main meter and pressure reduction station located on NAVSTA TI/YBI.

3.4.2 Supply lines to and including that last valve or corporation stop leading to all leased, non-leased, occupied or non-occupied buildings and facilities.

3.5 Electrical Distribution System: Facilities that are operated and maintained by the Caretaker consist of the existing transformation and distribution facilities at NAVSTA TI/YBI, including:

3.5.1 The entire high voltage transmission line serving Treasure Island originating at the point of connection to the breakers at the Port of Oakland's Davis Substation at Point Arnold including overhead and underground elements of the line located on the Fleet and Industrial Supply Center and the Oakland Army Base, the underground element extending from the Oakland Army Base including the junction with

the submarine section of the line and the submarine section including the junction and the underground section of line at Treasure Island to the point of connection at the main Treasure Island substation.

3.5.2 Main substation at NAVSTA TI/YBI.

3.5.3 Distribution system and related equipment between the substations and the end-users.

3.5.4 For metered buildings and facilities, service up to and including the meter.

3.5.5 For buildings and facilities which are not metered or which have dedicated switch-gear or transformers at the building or facility, service to the low side of the dedicated switch-gear or transformer and shall include the dedicated switch gear or transformer.

3.5.6 For buildings and facilities which are not metered and which do not have dedicated switch-gear or transformers at buildings or facilities, service to the weatherhead, building perimeter, or equipment connection.

3.5.7 The Davis Substation at the Fleet and Industrial Supply Center, Oakland, CA.

4.0 Organization and Communication

4.1 Caretaker and Navy: Although there is no requirement for regular meetings between the Caretaker and the Navy, all essential communications (status of environmental clean-up projects, etc.) with the Navy shall be conducted with the appropriate Navy SWDIV ("Southwest Division," the Navy's Facilities Management Headquarters located in San Diego) representative. Notification of planned outages or any other pertinent utilities information shall be forwarded to the Navy Caretaker Site Office with the same consideration and priority as extended to any other utility customer served by the Caretaker.

4.1.1 The Caretaker's Utilities Manager is:

Charles (Chuck) Swanson
Office: TI Bldg 264
Phone: (415) 274-0333 (Home)
Pager: (415) 201-8452

4.1.2 The Navy Representative is:

LCDR M. J. Gough
Office: TI Bldg 1
Phone: (415) 743-4720
Pager: (415) 313-8194

5.0 Preventative Maintenance & Repair Work: Regularly scheduled preventive maintenance and all non-emergency repair work will be executed as determined necessary by the Caretaker. Financial reporting to the appropriate Navy representative is required by provisions of the Cooperative Agreement.

6.0 Trouble Call Response and Reporting

6.1 Origin and Reception of Trouble Calls: Trouble calls may be initiated by any customer. The operator at the Caretaker reception desk will, in turn, direct calls requiring response that falls within the scope of the CA to the appropriate Caretaker department or subcontractor. Those requests that do not fall within the responsibility of the CA shall be returned to the initiator with appropriate reason.

6.2 Caretaker Points of Contact: In addition to the telephone number of the Caretaker trouble reception desk, the Caretaker shall provide to the Navy Caretaker Site Office an up to date list of telephone numbers for primary Caretaker managers responsible for utilities operations at NAVSTA TI/YBI. This list (see Caretaker Contacts, Table 6-1) includes persons at each level of Caretaker management and will be used by the Navy in the circumstances listed below. Individuals on the list will be called in the order listed until contact is made and the requisite responsibility accepted. The Caretaker Contact List will be used when:

- [1] Contact cannot be made with the Caretaker trouble reception desk
- [2] In cases of emergency
- [3] In cases in which responses to trouble calls do not occur within a reasonable time (see response targets of Table 6-2).

Note: Appendix "A" provides operational procedures for Trouble Calls and Emergency response in addition to key points of contact – both Caretaker and Navy.

Table 6-1
Caretaker CONTACTS
For
Trouble Call and Emergency Response

	Name	Title	Number
1	Charles Swanson	Utilities Manager	(W) 415-274-0333 (H) 510-235-7509 (Pager) 415-201-8452
2	Bob Mahoney	Facilities Manager	(W) 415-274-0662 (H) 415-982-4520 Nextel: 850-9696
3	Mario Cuaresma	Senior Stationary Engineer	(W) 415-274-0387 Pager 415-303-0183
AFTER HOURS			
GENERAL EMERGENCY NUMBER: (San Francisco City Distribution Division)			415-550-4956

6.3 Caretaker Trouble Call Reception, Response Targets and Reporting: Upon receiving a request from the CSO or other authorized party for trouble call, the Caretaker reception desk will issue a Trouble Call (TC) number which will serve as a key identifier for the call and will be used to track and report on response. The Caretaker will maintain records of all TC#'s issued along with pertinent details on response and resolution and will provide summaries of this information to the Navy Utilities PM as requested.

TABLE 6-2
Labor Hour and Response Targets

Type of action	TEP paragraph	Urgency and response targets	
		Routine, note [1] RegHours / AfterHours	Emergency, note [2] RegHours / AfterHours
minor, unscheduled repairs	5.0	8hr / NA	4hr / 4hr
major repair work	5.0	8hr / NA	4hr / 4hr

NOTES: [1] Response required during normal working hours only
 [2] Response required 24 hrs / day, seven days / week
 [3] N/A - No After Hour

7.0 Emergency Response

7.1 Emergency Requirements

7.1.1 Definition: Trouble calls to the Caretaker will be designated as EMERGENCY requirements where it has been determined or is suspected that immediate action is required to eliminate a threat to human health, the environment, to protect property or to avoid disruption of essential operations. Situations satisfying these criteria may also be observed directly by Caretaker personnel or may be reported to the Caretaker by means other than the normal trouble reception protocol described here. Emergency calls shall be directed to the Caretaker trouble call reception desk at 415-274-0333 or after hours San Francisco City Distribution Division 415-550-4956.

7.1.2Reporting: Direct reporting to the Navy is not required during an event, however, the Caretaker will provide the Navy with a written summary of any "significant event" (major personal injury or death, major property damage, "large" fires for example) that has occurred at TI/YBI.

8.0 System Extension, Provision of New Service

8.1 New Services Requested by the Navy and other Federal Users: Subject to the availability of funds for such purpose, the Caretaker will provide any extension or alteration of systems along with any metering or service connections requested by the Navy or as concurred to by the Navy for other Federal users on the base. The Caretaker will recover costs for such work for other Federal users directly from the other Federal users. Costs incurred for any such work requested by and executed for the Navy will be reimbursed via the provisions of this agreement or by amendment of this agreement as may be required

8.2 New Services Required by the Lessees or Licenses: The Caretaker may also provide system extensions and alterations along with metering and service connections required to fully and exclusively meter use of water, electricity and natural gas within any premises which may be under license or lease. Costs for any such work will be borne by the Lessee or Licensee. The Cooperative Agreement (paragraph 6.2.5) forbids delivery of any utility commodity to a premise under lease or license that is not fully and exclusively metered (exceptions may be granted if plans are in place for the installation of subject meter.)

9.0 Purchase of Utility Commodities: The Caretaker will be responsible for purchase of all electricity, natural gas and water consumed on TI and YBI and for purchase of electric power provided to the east water pump station serving the base

10.0 Billing and Payment for Utilities Consumption: The Caretaker will defray costs of utility commodities purchased and costs of the operation and maintenance of the utility systems through revenues generated by charging uniform rates established by the Caretaker. The Caretaker will enter into Utility Service Contracts (USC's) with all Federal users including the Navy or the Navy's contractors as required. The USC shall contain pertinent information regarding the utilities agreement between the Caretaker and the specific Federal user, including rates. The Caretaker will purchase electricity, natural gas and water including electric power for the east water pump station serving TI and YBI.

10.1 Billing Non-Navy Tenants: The Caretaker will be responsible for billing and obtaining payment from all Lessees, Licensees and non-Navy Federal activities permitted to receive utilities services on the base. Charges to these tenants for use of electricity, natural gas, water and sewer service will be determined by the Caretaker (per Annex 6, paragraph 6.2.3.1). In general, consumption will be read from meters which fully and exclusively measure permitted consumption. Where determined to be more economic, consumption may be determined through engineered estimates prepared by the Caretaker.

10.2 Recovering Funds for Consumption by the Navy: Units of consumption for which the Navy is responsible have been determined through estimates mutually agreed upon by the Navy and the Caretaker. The Cooperative Agreement lists estimated uses and the annual/monthly charges to be billed by the Caretaker.

10.3 Charging for Sanitary Sewer Service: Deleted.

11.0 Outage Management

11.1 Scheduled Outages: The following procedure will be used by the Caretaker for any utility outage not resulting from an emergency or unplanned failure:

11.1.1 Caretaker Action: The Caretaker shall coordinate all outages directly with the applicable parties including the Navy and its contractors. Prior to a scheduled outage, the Caretaker shall contact all customers (including those who may be impacted) that will be impacted and provide the following information:

- Purpose of the outage
- Utilities commodities affected
- Buildings and facilities affected

- Proposed start and completion dates and times.

11.1.2 Coordination by Navy: Navy representative will coordinate the outage request for Navy managed facilities. The Caretaker will coordinate the outage all non-Navy and any affected utilities customers.

11.1.3 Planned Outages: The Caretaker will execute the outage at the agreed upon time. Authorization from the Navy is not required

11.1.4 Disapproved or Cancelled Outages: In cases in which the outage cannot be executed, the Caretaker will revisit all impacted customers and advise them of cancellation or revised outage schedule and why it was necessary.

11.2 Unscheduled Outages: The Caretaker will take immediate action to restore service. Authority from the Navy is not required. An "information-only" notice to the Navy representative is required after the event (verbal or written ok).

12.0 Excavation Management

12.1 Scheduled Excavations: The Caretaker will serve as the initial point of contact for all parties seeking to perform excavations at TI/YBI and will implement procedures to assure that no excavation is permitted without advance clearance with regard to underground utilities (see Annex 6, TEP paragraph 13.0) and from the designated Navy representative for environmental conditions. The following procedure will be used by the Caretaker to obtain Navy concurrence for any excavation not resulting from an emergency or unplanned system failure:

12.1.1 Excavation Process: The Caretaker shall retain established Underground Service Alert (USA) membership for the area encompassing TI/YBI and shall be the initial point of contact for all excavation activities within said region. The Caretaker will locate and, within 48 hours of notification, clearly mark all utilities in the vicinity of proposed excavation prior to start.

12.1.2 Excavation Coordination/Navy Concurrence: Where necessary, the Caretaker will refer excavation requests to the designated Navy representative to ensure environmental conditions of soil in and around the area of the planned excavation site can be conveyed to all parties so that they may plan accordingly.

12.1.3 "Approved" Excavation Requests: In cases in which the excavation plan is acceptable as proposed, the Navy will immediately inform the Caretaker of its concurrence and will provide the Caretaker with any special requirements which may be imposed by the Navy. The Caretaker will then perform the excavation or permit the excavation to be performed by the original requestor at the agreed upon time and in accordance with any special requirements which may be imposed by the Navy.

12.1.4 "Disapproved" Excavation Requests: In cases in which the excavation notification or request cannot be concurred to for environmentally related reason(s), the Navy will propose alternatives in writing to the Caretaker for coordination.

13.0 Marking Utilities Locations:

13.1. Electric, Gas, Water, and Sewer: The Caretaker Utilities Manager will locate and clearly mark all electric, natural gas, water, and sewer utilities. Requests for marking and response handled through the trouble call procedure described in paragraph 6.0, above will conform to the response targets of Table 6-2. In addition, the Caretaker will locate and clearly mark all electric, natural gas, water, and sewer utilities in any area in which the Caretaker proposes performing an excavation (see Excavation Management, paragraph 12.0). Marking shall be made based on the Navy provided base maps and the best available local knowledge. The Caretaker will take best efforts to mark abandoned lines to include steam distribution based on available drawings.

13.2 Telephone and abandoned lines: For telephone and other lines that are not Navy owned, the USA Dig will be notified. Caretaker Utilities Manager will provide San Francisco Telecommunications with copy of approved Dig Permit (primary 415-550-2725, sec 415-550-2747). The Utilities Manager will coordinate marking of these lines. Abandoned lines will be marked if known based on Navy maps.

14.0 Maintenance of Government Furnished Vehicles: The Caretaker has full responsibility for maintenance and repair of Navy-provided vehicles, tools and equipment. The Navy may provide additional equipment, as it becomes available, to support the operation and maintenance at TI and YBI.

15.0 Environmental and Operating Permit Management: The Caretaker agrees to cooperate with the Navy and regulators to support the timely transfer of the permits required for the continuing operations of the Caretaker. This includes updating the permits to provide the organizational name(s) of the current operators for purposes of reporting required under the permits. The Caretaker will operate utilities in conformance with applicable permits and will perform regular monitoring and reporting required by these permits. All responses (written or oral) to violations or operations outside the permit limits will be brought to the immediate attention of the Navy, however, the responsibility to operate within the permit limits rests with the Caretaker. The Caretaker will comply with all regulatory requirements.

15.1 Storm Water Permit: The Caretaker will completely oversee all monitoring and reporting requirements of the Storm Water General Discharge Permit (issued by RWQCB) and the TI Storm Water Pollution Prevention Plan (sampling, laboratory analysis, and annual report preparation). For the entire duration of the Cooperative Agreement, the Caretaker will support the Navy in the enforcement of permit requirements and the abatement of non-compliance violations noted during tenant/iesee inspections.

Table 15-1**ENVIRONMENTAL PERMITS FOR WHICH THE CARETAKER WILL PERFORM
MONITORING AND REPORTING**

<u>Item</u>	<u>Permit Type</u>	<u>Issuing Agency</u>	<u>Permit Number</u>	<u>Monitoring Required</u>	<u>Reporting Required</u>
001	NPDES permit for waste water treatment plant	California Regional Water Quality Control Board	CA0110116	Yes	Yes
002	Domestic Water Supply Permit	California Health and Welfare Agency	System No. 3810702	Yes	Yes
003	Permit to Operate all Air Emissions Sources	Bay Area Air Quality Management District	Plant #479	Yes	Yes
004	NPDES permit for storm water discharge	California Regional Water Quality Control Board	CAS000001 Order No.97-03-DWQ Facility WDID No. 238S012140	Yes	Yes

16.0 Responding to Environmental Hazards

16.1 Definition: Environmental hazards, for the purpose of this discussion, are defined as spills or releases of hazardous substances to the soil which pose potential hazards to Caretaker personnel attempting to perform utility systems maintenance or repair or which may pose a threat to human health in general or to the environment. This definition does not include hazardous materials that may be part of utility system equipment or facilities near utility system equipment such as lead or asbestos insulation or lead based paint.

16.2 Awareness: The Navy has undertaken an extensive program under its Installation Restoration Program (IRP) to document and remedy environmental hazards as defined above. Environmental conditions on the base are documented by the *BASEWIDE ENVIRONMENTAL BASELINE SURVEY (1995)*, *SITE SPECIFIC ENVIRONMENTAL BASE LINE SURVEYS (SSEBS)*, and by the *BRAC CLEAN-UP PLAN (BCP)*. Caretaker personnel engaged in utilities operations should be aware of these sources which show locations and types of contamination at NAVSTA TI/YBI in order to avoid unnecessary contact with contaminated soil. The Caretaker will coordinate with the Navy to obtain the most current maps and characterization of the hazards.

16.3 Procedures: Safety procedures normally observed by the Caretaker should be observed at all times in order to minimize contact with contaminated soil. The following procedures should be followed by Caretaker personnel in the event work is required in an area documented to contain contamination or if undocumented contamination is encountered or suspected.

16.3.1 Planned Excavations

16.3.1.1 In conformance with excavation permit request procedures provided under paragraph 12.0, above, the Caretaker will inform the Navy of the location and planned schedule for any excavation (see 12.1.1).

16.3.1.2 The Navy will provide disclosure of environmental conditions in or adjacent to the excavation area. Disclosure will be communicated to the Caretaker in writing in accordance with excavation request/permit procedures (see 12.1.3).

16.3.1.3 The Caretaker will perform the excavation in accordance with Caretaker health and safety practices, and any applicable Federal, State, or local regulations. The Caretaker will perform the excavation using any required protective equipment.

16.3.2 Unplanned Excavations

16.3.2.1 When soil contamination is encountered or suspected in the course of unplanned excavations, the Caretaker will cease work and immediately contact its Environmental oversight office. The Caretaker and the Navy may then evaluate conditions and determine a course of action.

16.3.3 Disposal

16.3.3.1 In any case in which contaminated excavation spoils are produced (either through an approved planned excavation or through an unplanned excavation) determination of proper management and disposition of the spoils will be the responsibility of the Caretaker.

16.3.3.2 The Caretaker shall be responsible for disposal of soil, water, and other contaminated materials generated as a result of Caretakers excavations.

Appendix A

UTILITIES TROUBLE/EMERGENCY CALL REPORTING PROCEDURES AND IMPORTANT CARETAKER/NAVY CALL LIST

GENERAL EMERGENCY NUMBER: (415)-550-4956, San Francisco City Distribution Division (CDD).

Normal Work Day: Routine service calls will be directed to the Caretakers Service Desk for Utility Services @ (415)-274-0333, or page at (415)-201-8452.

1. CDD will receive call, assign a Trouble Call Number (TC#) and record information in TI book.
2. CDD will dispatch trouble call to appropriate unit:
 - a. Water Problems – to on call team
 - b. Sewer Problems – (415)-648-6882
 - c. Electrical Problems – (209)-989-2099
 - d. Natural Gas Problems – call PUC “natural gas” plumbers, NOT PG&E
3. CDD will notify, in the order below, the following individuals for emergencies involving environmental issues, broken water mains, downed electric lines, loss of electric power to an area, any sewer overflow/spill, fire, or other emergency involving personal injury or significant property damage:
 - a. Charles Swanson (SF TI Utilities Manager) home: (510)-235-7509; pager (415)-201-8452; Nextel:
 - b. Robert Mahoney (SF Facilities Manager) home: (415)-274-0662; Nextel: (415)-850-9696
 - c. LCDR Mike Gough (US Navy) home: (415)-845-4392; pager: (415)-313-8194; Nextel: (650)-333-4020
 - d. If directed, or unable to contact those above, additional notifications for specific problems are (contact the following):
 - (1) Civil Disturbance, Traffic or Fire – SF Police @ 911

APPENDIX B

Glossary of Terms and Abbreviations		
Term/abbreviation	Full term	Definition
BRAC	Base Realignment and Closure	Department of Defense initiative to "right size" the inventory of U.S. military installations. BRAC also refers to a set of laws passed with the FY93 and 94 defense appropriations acts which establish processes for promoting interim reuse of closed bases and for accelerating transfer of base property to the affected communities.
CA	Cooperative Agreement	A quasi-contractual instrument under which DOD components, such as the U.S. Navy can financially reimburse reuse authorities or affected communities for performing caretaking functions on closed bases.
Caretaker		The term used to refer to the reuse authority or community agency that takes over base caretaker functions under a cooperative agreement. In the case of NAVSTA TI/YBI, the Caretaker is the City and County of San Francisco.
EBMUD	East Bay Municipal Utility District	Local not-for-profit water company providing water to the east end of the Bay Bridge.
EFA West	Engineering Field Activity West	Field activity of the Naval Facilities Engineering Command which has responsibility for closure and disposal of Navy bases in the San Francisco Bay Area. All CSO's are organizational components of EFA West Code 60.
lessee / licensee		Holder of a lease or license issued by EFA West for use of facilities aboard a closed or closing BRAC installation. In general the lessee is the local reuse authority such as ARRA in the case of NAVSTA TI/YBI, Alameda.
NAVSTA TI/YBI	Naval Station Treasure Island	For the purposes of this SOP, NAVSTA TI/YBI is defined as Treasure Island and Yerba Buena Island.
CSO	Caretaker Site Office (Navy)	The Navy office established at a closed base to oversee the caretaker mission. This duty includes coordination of any Cooperative Agreement which may be established.
Navy Public Works	Navy, Public Works Center, San	The Navy's public works organization in the San Francisco Bay Area. PWCSFB has been the owner

Glossary of Terms and Abbreviations

Term/abbreviation	Full term	Definition
	Francisco Bay	and operator of utility systems on BRAC bases. The command was disestablished under the BRAC initiative on 26 Sept 1997.
PG&E	Pacific Gas and Electric Company	Local for-profit gas and electric utility provider.
Utilities PM	Utilities Project Manager	Individual assigned to utilities project management.
sublessee, sublicensee		Holder of a sublease or sublicense for use of facilities at NAVSTA TI/YBI.

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Minutes of Special Meeting

Treasure Island Development Authority

October 17, 2001

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1. Call to Order: 9:10 AM

Roll Call Present: John Elberling

William Fazande

Marcia Rosen

Claudine Cheng (11:11 AM Departure)

Doug Wong (9:17 AM Arrival, 10:43 AM
Departure)

Gerald Green (10:01 AM Approval)

Excused: Susan Po-Rufino

2. Approval of Minutes: The minutes of September 12, 2001 were approved unanimously.

3. Public Comment on Closed Session: None.

4. Closed Session: London Breed, Commission Secretary, states that closed session will be a conference with real property negotiator. Persons negotiating will be Annemarie Conroy, Donnell Choy and Stephen Proud. The negotiating parties are the U.S. Navy and the Treasure Island Development Authority.

Rosen moves approval to enter into closed session. Fazande seconds. Approved 4-0

5. Reconvene in open session: No report on action taken in closed session.

Wong moves not to disclose actions taken in closed session. Cheng seconds. Approved 5-0

6. Communications: Ms. Breed states there are no new communications.

7. Report of the Treasure Island Project by Executive Director, Annemarie Conroy:

- Open Access - Ms. Conroy reports on upcoming events on Treasure Island. The Mayor's office continues to facilitate senior bus tours of TI and YBI on a regular basis. Williams-Sonoma is using the Nimitz House for its Pottery Barn photo shoots. Battlebots will hold their second event on TI in November, which continues to be a good revenue source. The Triathlon is in its final planning stage and will be held on November 3, 2001. Fleet Week was cancelled this year due to the September 11 attacks.

- Environmental Cleanup: The project office has review and commented on the Engineering Evaluation & Cost

Analysis provided in draft form by the Navy. Comments include exploring additional remedies and perhaps better alternatives for clean up of TI.

- Short-term leases: New leases are on the agenda for approval by the Authority. Due to the events of Sept. 11 and the state of the economy, Sean Penn will not be bringing his movie to Treasure Island.

- Bay Bridge: No new developments in mitigation negotiations. Caltrans will be send out the first bid packages in November or December.

- Treasure Island Community: Muni has placed additional personnel at the Transbay Terminal to ensure the safety of all riders. The Job Corps has informed the project office that they plan to open a small convenience store in five weeks. A community meeting will be held tonight and after that they will meet every other month. The annual TIHDI picnic will be this Saturday.

- Citizens' Advisory Board: Karen Knowles-Pearce, CAB chair, reports that at their last meeting they reviewed the BAE report and the three options therein. The CAB recommends to TIDA Option 1. In addition a second vote was taken on the previous vote to recommend TIDC as the primary developer and again it passed unanimously.

- TIHDI: The Child Care Center is on today's agenda.

- Financial Report: The project office has made some headway with the Board of Supervisor's Finance Committee regarding the Tidelands Trust and restrictions on our revenues. Details are being finalized, with the City Attorney, and a memo to the Finance Committee regarding our budget and those restrictions. The Finance Committee did decide to reduce the Authority's fire bill. The memo will outline general fund responsibilities versus TI Authority responsibilities in regard to Treasure Island.

- Legislation/Hearings: There are currently none, other than the finance memo already discussed.

8. General Public Comment. None

9. Ongoing Business by Director's and Introduction of New Business: Mr. Elberling refers to the City Attorney's October 5 memo regarding election of officers. He asks that the Authority elect new officers at the next meeting and that it be on the agenda. Nominations can be submitted to the Executive Director during the intervening period. Mr. Choy states that the by-laws call for the election of a President, Vice-President and a Secretary but in the past there have been just two officers elected, one serves as President and one serves as Vice-President, Secretary and Chief Financial Officer. Mr. Elberling asks who is our CFO? Mr. Choy responds that Mr. Elberling has been serving as such since he was elected VP in 1998 and also a resolution was passed in 1998 whereby the Mayor's Office TI Project served as the staff and most of the responsibilities of these offices were delegated to TI staff. Ms. Conroy suggests waiting until January so the officer's terms would run with the calendar year. Ms. Rosen suggests we all agree on how many positions we will be nominating. Ms. Cheng suggests December elections with the term starting in January. It is decided the election will take place at the December meeting.

10. A resolution authorizing the Executive Director to enter into a lease between the Treasure Island Development Authority and United States Navy for the Childcare Center on Treasure Island.

11. A resolution authorizing the Executive Director to enter into a sublease between TIDA and Tri-Cities Children's Centers for the childcare facility on Treasure Island.

Stephen Proud, Director of Development for TIDA, reports that in July of this year, TIHDI issued a RFP for an operator for a childcare center. Their review committee ultimately selected Tri-Cities Children's Centers to be the operator. Under the terms of the homeless agreement, TIHDI has the ability to request a sublease from the Authority for the use of the childcare center, the exact wording being "once funding for operations and an adequate operator with experience has been secured and is demonstrated". We feel they have secured, through their RFP process, an operator that has the required experience and the financial capacity to undertake the childcare center. The center is proposed to serve 12 infants, 16 toddlers and 64 pre-school aged children. The hours of the center will be from 7 a.m. to 6 p.m. TIHDI has secured about \$850,000 in funding for renovations and to start the project. The first item for approval is a five-year master lease with the Navy for the facility. The second item is then a sublease with Tri-Cities for the center. There is no rent being charged but they are responsible for maintenance and utilities. The proposed term of the sublease is five years. Exhibit A shows the four issues legislation requires us to make findings on in order

to enter into the sublease: 1) no immediate trust related need for the property, 2) the proposed lease is of a duration of no more than five years and can be terminated in favor of trust uses as they arise, 3) the proposed lease prohibits construction of new structures or improvements that could prohibit the property from being used for trust purposes and, 4) the lease would not interfere with commerce, navigation or fisheries or other existing trust uses or purposes. The buyout schedule is as follows: If the sublease is terminated before the end of Year 4 - 80% of costs, if before Year 5 - 75% of costs. At the end of the 5-year term best efforts will be made to negotiate a new 5-year sublease. If that is not possible, TIDA will reimburse 70% of costs associated with capital improvements and start up/installation costs. This is acceptable to all parties.

Ms. Rosen strongly suggests that staff look into a way to incorporate the childcare center into the Tidelands Trust discussions.

Sherry Williams, Director of TIHDI, discusses detailed plans for the childcare center.

Mr. Green asked what is TIHDI's role in ensuring this agency, Tri-Cities, maintains its license and subjects itself to what the license requires. Ms. Williams replies that TIHDI will have an MOU with Tri-Cities that outline what the State requires.

Jim Fagler, architect for Asian Neighborhood Design, states Asian Neighborhood Design is a TIHDI member. Mr. Fagler discussed in detail the existing building and the general renovations.

Mr. Elberling asks if there are any environmental cleanup issues with the property. Mr. Proud replies no.

Rose Juarez, Assistant Director of Program Quality, Tri-Cities Children's Centers, introduces herself. Tri-Cities is in the process of changing their name; they serve more communities than Newark, Fremont and Union City now. Most of the children they serve are homeless, children of teens, divorce, abuse, violence, and disabilities. The California Department of Education has commended them for serving diverse populations.

Michele Rutherford, Childcare Program Manager for DHS, states she has been working on this project for the past three years. Ms. Rutherford expressed her enthusiasm for the partnership between DHS and Tri-Cities. They have an excellent reputation in the State and are experienced in working with diverse families. She urges approval of the sublease so construction can begin.

Ms. Cheng moves approval of item 10. Rosen seconded. Approved 6-0.

Ms. Rosen moves approval of Item 11. Wong seconded. Approved 6-0.

14. Mr. Elberling asks to take Item 14 out of order. A Resolution authorizing the Executive Director to issue a focused Request for Proposal (RFP) to Treasure Island Community Development (TICD) and a Presentation of the Timeline Associated with the RFP.

Mr. Proud states item 14 is a continuation of the discussion item presented at the September 12, 2001 meeting. The issuance of the RFQ, the response, independent evaluation of the two responses, results are one was qualified. Information was compiled from the development community, and a report was prepared by BAE, which gave us three options. Staff recommended on Sept. 12, 2001 that the Board consider issuing a focused RFP to TICD. We are not suggesting that we enter into an ENA today. Discussion of the language in the title of the resolution, and is determined that the resolution be amended to replace "prepare" with the word "issue."

The proposed timeline includes; Prepare Draft RFP; Present Draft RFP to CAB; Comments on Draft RFP from Regulators/City Department Heads; Comments on Draft RFP from CAB; Revise and Present Draft RFP to TIDA Board; Present Final RFP to TIDA Board for Approval. Discussion of the timeline continues including discussion of holding upcoming workshops for early feedback of concepts.

Tim Molinari, CAB member, urged the Authority to move ahead with the RFP.

Sherry Williams, TIHDI, supports the recommendation of CAB to move forward.

Ruth Gravanis, Treasure Island Wetlands and the CAB, asks that the draft RFP is available electronically so the CAB can consider comments of various departments.

Ms. Rosen asks if this is a proposed schedule that can be revised for opportunity for public comment. Mr. Proud states the schedule can be revised.

Cheng moved approval. Fazande seconded. Approved 5-0

12. Resolution authorizing the extension of a use permit for an additional three months for use of Pier 1 with Power Engineering Contractors, Inc.

Ms. Conarroe reports that Power Engineering Contractors currently does work on the base of the towers of the Bay Bridge. They have asked to use a portion of Pier 1 to move their barge with the crane and their tugboats that are used to transport workers to the bridge. They had initially asks for a 6 month use permit, now they just need an additional 3 months to finish the job.

Fazande moves approval. Rosen seconded. Approved 4-0

13. Resolution Authorizing the Executive Director to execute a contract with San Francisco Community Recyclers for the deconstruction of Buildings 128,129,130 and 131 on Treasure Island.

Ms. Conarroe states that in July 2000 staff applied for a deconstruction grant. Approval from the State was granted to proceed and expend the funds. Attached for approval is a contract with SF Community Recycles, a TIHDI member organization to actually deconstruction the buildings.

Carrie Dipman, TIHDI and CAB member, discusses an historical review of the project. If the resolution is approved, SF Community Recyclers will be able to hire between 5-8 formerly homeless people through the job brokerage system.

Andy Pugny, Executive Director of SF Community Recyclers, states that the State Waste Management Board has awarded SF Community Recyclers with grants to hire and train up to 8 homeless people at Treasure Island to deconstruct buildings.

Kevin Drew, Dept. of the Environment, states that this project is a resource-generating, pre-development site clearance method.

Ruth Gravanis expresses her support for the program.

Mr. Elberling asks if the Navy cleanup process has been completed on this property. Ms. Conarroe states yes.

Mr. Green moved approval. Mr. Fazande seconded. Approved 4-0

15. Resolution approving the Cooperative Agreement with the United States Navy for the Period October 1, 2002 through September 30, 2002 for \$145,000.

Mr. Proud states the Board has seen this on an annual basis. When the base closed in 1997, the Authority was granted a caretaker agreement and funding. It gives the Authority the right to assume the responsibility of taking care of the property. In the beginning, we received \$4,000,000, then \$2,000,000, last year we received \$145,000 with no anticipation of receiving any further cooperative agreement funding. Staff argued that due to the Navy's inability to deliver the housing, to deliver the EIR on time, etc., and how that affected our financial viability they should continue to provide funding to the Authority. They agreed and we were entitled to another year of Cooperative Agreement funding. In addition, our budget did not reflect this revenue. These are encumbered funds that must be spent on things like road maintenance, DPW, Bldg. 1, etc. The cooperative agreement is subject to approval by the Board of Supervisors.

Mr. Green moved approval. Mr. Fazande seconded. Approved 4-0

16. Adjourn 11:28 AM

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